COPY

OCTOBER 1, 1955

foreign trade

NADA

OCT 0 1955

LATIN AMERICA—a BUSINESS SURVEY

2	**Canada's Trade with Latin America**
	Business Conditions in:
4	Argentina
6	Brazil
9	Chile
11	Colombia
13	Ecuador
14	Cuba
16	Guatemala
17	Costa Rica
19	El Salvador
21	Honduras
24	Nicaragua
27	Haiti
29	Mexico
31	Peru
33	Bolivia
34	Puerto Rico
35	Uruguay
37	Paraguay
38	Venezuela
40	**Trade and Tariff Regulations**
42	**Foreign Exchange Rates**
44	**Businessman's Bookshelf**

CANADA

foreign trade

Established in 1904

Published fortnightly by the Department of Trade and Commerce.
The Right Honourable C. D. HOWE, Minister,
WM. FREDERICK BULL, Deputy Minister.

OTTAWA, OCTOBER 1, 1955, Vol. 104, No. 7

Please forward all subscriptions and orders to:
The Queen's Printer, Government Printing Bureau, Ottawa.
Price: $2.00 a year in Canada; $5.00 abroad.
Single copies: 20 cents each.
Authorized as second class mail by the Post Office Department, Ottawa.

Material appearing in this magazine may be freely reprinted, preferably giving credit to "Foreign Trade".

cover Among the small but attractive dollar markets in Latin America open to Canadian exporters are the Central American Republics. Our cover features these countries and serves to introduce our annual survey of business conditions in Latin America. Upper left, one of the government buildings in Guatemala City; upper right, the Rio Lempa hydro-electric project in El Salvador, now completed; lower left, coffee beans drying in the sun in Costa Rica; lower right, loading bananas in Costa Rica.

A. M. BALDWIN,
International Trade Relations Branch.

Canada's Trade with Latin America

In 1954, as in 1953, Latin America constituted Canada's fourth largest market, selling $186 million worth of commodities, with wheat and wheat flour in the lead. Because many of these countries maintain open dollar markets for all types of goods, this trade should grow, despite keen competition from other suppliers.

LATIN AMERICA continues to provide valuable markets for Canadian exports not only of foodstuffs and raw materials but also of industrial equipment and consumer goods. The many countries in this area are undergoing rapid economic development, with expanding populations and growing import requirements. Although some of these countries (such as Brazil, Argentina and Chile) are experiencing serious exchange difficulties, many others (Venezuela, Mexico, Colombia, Cuba, Central American Republics) are open dollar markets for all types of goods. As a result, there is strong competition from many countries.

There is a particularly sound basis for the further development of trade between Canada and Latin America because the economies of the two areas are largely complementary and Canada provides an important, expanding and unrestricted market for a wide range of Latin American products.

The Canadian Government has been anxious to facilitate and promote Canadian-Latin American trade in both directions, through the conclusion of most-favoured-nation trade agreements with the countries of this area, the establishment of Trade Commissioner offices, and by such special means as the 1953 Canadian Goodwill and Trade Mission to Latin America, led by Mr. Howe. However, as Mr. Howe stated on his return from this Mission, it is primarily up to Canadian exporters to seek out and develop these markets.

Analyzing the Trade Pattern

Canada's trade with Latin America in 1954 maintained approximately the same levels as in the previous year. Canadian exports totalled $186 million, compared with $198 million for 1953. Canadian imports from Latin America were valued at $284 million in 1954, compared with $290 million in 1953. For the first half of 1955, Canadian exports to most Latin American countries were higher than in the same period of 1954, with the notable exception of sales to Brazil —traditionally one of Canada's most important customers.

Though Canadian exports to Latin America continue at relatively high levels, Canada's share of the vast Latin American market amounts to only about 3 per cent of the total imports of that area, which in 1954 reached almost $6½ billion, an increase of 10 per cent over total 1953 imports. Many other suppliers, particularly European countries and Japan, have in recent years been increasing their share of the Latin American market. The United States supplies about 50 per cent of total Latin American imports, Western Europe as a whole supplied 35 per cent of total Latin American requirements in 1954, and Japan increased its share of this market from 1 per cent in 1952 to 3½ per cent in 1954.

Gains and Losses

Canada's exports of $186 million in 1954 placed the Latin American area as fourth in importance after the United States, the United Kingdom and Europe. In the first six months of 1955 Canadian exports to many of the dollar markets in this area have increased, especially to Mexico, Venezuela, and Colombia.

Canadian Trade with Latin America

(in thousands of dollars)

	Exports				Imports			
	Year	Year	Jan.-June		Year	Year	Jan.-June	
	1953	1954	1954	1955	1953	1954	1954	1955
Argentina	7,641	6,692	1,616	2,770	8,529	2,738	1,363	1,834
Bolivia	5,501	1,272	278	436	1,415	267	261	3
Brazil	37,561	45,096	30,045	6,584	35,047	31,623	16,368	12,612
Chile	3,945	3,130	1,252	1,699	1,052	236	198	232
Colombia	20,146	21,000	8,217	12,259	23,215	24,820	12,045	9,171
Costa Rica	2,199	2,834	1,756	1,558	9,472	7,746	3,541	3,018
Cuba	16,124	17,455	8,327	7,766	11,654	9,913	6,107	5,800
Dominican Republic	3,993	4,269	2,226	1,960	5,854	1,663	1,243	1,167
Ecuador	4,220	5,509	2,524	2,726	2,688	3,763	1,229	2,949
El Salvador	1,901	1,526	731	1,075	1,389	951	533	2,120
Guatemala	2,234	2,021	926	1,086	3,259	5,060	2,781	3,002
Haiti	2,670	3,307	1,757	950	748	1,570	793	692
Honduras	556	471	251	318	4,594	2,589	1,479	609
Mexico	28,986	27,359	12,035	16,275	15,785	14,033	9,167	10,207
Nicaragua	1,354	1,653	941	917	391	181	81	344
Panama	4,380	4,057	1,822	1,235	3,637	5,850	2,935	4,133
Paraguay	339	169	117	74	260	520	247	96
Peru	15,108	5,086	2,847	2,533	2,928	2,264	1,394	306
Puerto Rico	7,753	7,756	3,689	5,135	872	1,202	844	359
Uruguay	2,912	2,784	1,183	978	2,903	1,025	595	266
Venezuela	36,485	30,973	15,507	14,586	155,147	167,594	82,504	88,700
Total	198,255	186,663	94,358	77,785	289,967	284,426	144,864	147,261

Mexico in this period has replaced Brazil as Canada's major Latin American market. Canadian sales to Brazil declined significantly in the first half of 1955 as a result of Brazil's continuing exchange difficulties, arising in part from lower coffee prices and exports since mid-1954. The decline in sales to Brazil in the first half of this year is particularly notable in wheat and agricultural machinery. Among the smaller markets, Cuba and Peru should be considered particularly important by Canadian exporters, especially because of their large development programs which call for many kinds of machinery and equipment.

Buying and Selling

Canada is an important market for most Latin American countries. Venezuelan crude oil was imported at continuing high levels in 1954, with total Canadian imports from Venezuela amounting to $168 million, an increase of $13 million from 1953. Venezuela continues to predominate as Canada's chief Latin American supplier, but Brazil, Colombia and Mexico also rank as major Canadian sources of Latin American commodities. In 1954, Brazil remained the second most important supplier, with imports of $32 million; Colombia increased sales to the Canadian market to $25 million in 1954, chiefly because of higher coffee prices.

Main Canadian exports to Latin America in 1954 were wheat ($24 million), wheat flour ($21 million), newsprint ($20 million), industrial machinery ($12 million), and agricultural machinery ($8·6 million). Sales of aluminum doubled in 1954, rising to $7·4 million. Exports of synthetic plastics and wood pulp showed notable increases in 1954. In addition, Canadian exports included a wide range of traditional Canadian items, such as asbestos, seed potatoes, malt, cured fish, milk and whisky.

Imports from Latin America in 1954 were headed by crude petroleum amounting to $158 million, an increase of $13 million over 1953. Canadian purchases of coffee ranked second at $53 million, the same value approximately as in 1953 but 11 per cent less in quantity. Bananas, at $23 million, remained Canada's third largest import, as in 1953. Canadian purchases of raw cotton and wool dropped from $10 million in 1953 to $3·8 million in 1954, reflecting the generally smaller consumption by the Canadian textile industry. Other major imports were unrefined sugar ($5·4 million), peanuts ($4·3 million), vegetable fibres ($3·2 million), cocoa beans ($3 million) and fresh tomatoes ($2·1 million).

Treaty Relations

Canada enjoys most-favoured-nation customs treatment with all countries of Latin America except Honduras. In addition a number of Latin American countries (Brazil, Chile, Cuba, Dominican Republic Haiti, Nicaragua, Peru, Uruguay) are parties to the General Agreement on Tariffs and Trade and have engaged in tariff negotiations with Canada under this Agreement.

As a result of these treaties and agreements, Canadian products benefit, in most Latin American countries, from the same reduced rates of duty and customs charges that apply to goods from other countries, such as the United States and the United Kingdom. As an exception, the United States enjoys an exclusive tariff preference on a number of items in Honduras and Cuba. ●

Though smaller export surpluses and lower export prices have cut down domestic purchasing power, Canada's trade with the Argentine has shown an encouraging rise this year. At end of August, 40 per cent of estimated export surplus of wheat remained to be sold.

ARGENTINA

C. S. BISSETT, *Commercial Counsellor, Buenos Aires.*

ARGENTINA'S ECONOMIC POSITION is somewhat less favourable than it was a year ago, mainly because of smaller earnings of foreign exchange from cereal exports. Although the 1954-55 wheat crop was a record one for recent years—about 276 million bushels—the maize crop was cut by drought during the critical growing period and provided only a relatively small export surplus. Moreover, international prices for both grains fell appreciably below those of a year earlier.

Deficit Financing Necessary

Smaller export surpluses and lower export prices resulted in a marked drop in purchasing power for the period under review. If the present rhythm of essential imports is to be maintained (and this seems to be the current policy) the reserves of gold and foreign exchange, rebuilt with such difficulty during the two previous years through import austerity, will have to be drawn upon considerably. This method of financing will characterize import operations in 1955, something which has not been necessary since the wheat deficit year of 1952.

The alternative is sharp curtailment of imports but since the maintenance of the present level is considered essential to economic health because of the shortages created since 1952, it is practically certain that deficit financing at the expense of the reserves will continue. Compared with June 30, 1954, the net balance of gold and foreign exchange had fallen, at June 30, 1955, by 1,107·7 million pesos or 32·6 per cent. No change in this trend is expected before the end of the year because exports of meat and by-products, although promising, cannot earn enough foreign exchange to reverse it. Only when the 1955-56 crops become available for export will the situation alter. The *Review of the River Plate* calculates the current year's export values at a maximum of 6,000 million pesos and the cost of this year's imports at about 8,500 million pesos, including capital goods. This would result in a deficit of 2,500 million pesos on the year's operations. Part of this could be covered temporarily by the revolving credits provided in a number of the bilateral trade treaties now in force, but the reserves would have to cover the greater part of it.

Money Supply Increases

In 1955, as in recent years, the money supply has continued to increase. The *Sintesis Estadistica* shows that at January 31 currency in circulation totalled 25,766 million pesos and current account bank balances 26,775 million pesos, or 52,541 million pesos in all. This compares with 43,494 million twelve months previously, an increase of almost 21 per cent. The *Review of the River Plate* estimates that the money supply reached a total of 55,490 million at June 30 this year. Most of this expansion stems from the creation of credit to permit the official purchase of the export crops, to provide official assistance to industry, to finance mortgage loans and similar commitments. Without it, there would probably be a sharp recession in economic activity but too much would revive the inflation which disturbed the economy in recent years. Current indications are that new credit will continue to be created, despite the present adverse trade balance, to finance several sectors of the economy.

Gross National Product Up

A recent official statistical survey shows that the gross national product for 1954 amounted to about 125,000 million pesos. Translated into terms of constant prices based on 1950, this represents an increase of 35 per cent compared with 1945. When compensated by the 22 per cent increase of population since 1945, the real improvement was about 11 per cent per capita over the decade. However, this improvement occurred in the immediate postwar years, with 1948 the high point, and only in 1951 did the per capita distribution of the G.N.P. exceed the 1946-49 average. Of the 1954 G.N.P., consumption accounted for 80·4 per cent, savings for 19 per cent, and net overseas payments for the remaining 0·6 per cent.

Foreign Investment

Some progress has been made in interesting foreign capital in this country. Since January official approval

has been given the establishment of the following industries financed by foreign firms. Most of these also include Argentine capital.

United States	—Polystyrene; blast furnace; piston rings; jeeps, motor cars, station wagons; steel mill.
Germany	—Optical lens blanks; sodium hydrosulphite; plough discs and other implements; synthetic phenol.
Italy	—Helicoidal gears; agricultural machinery.
United Kingdom	—Polyethylene film; polyvinyl chloride.
France	—Lead pencils; polyvinyl chloride.

To date the much-needed development of petroleum resources covered by the exploitation contract signed some time ago with a United States company has made no further progress. This contract is still the subject of debate in Congress. Its ratification is expected after some changes have been made.

Production Analyzed

The latest edition of the *Sintesis Estadistica* gives the final estimates of the 1954-55 crops. For the main crops, production in metric tons was as follows:

Crop	*1954-55*	*1953-54*
	(in metric tons)	
Wheat	7,690·0	6,200·0
Maize	2,580·4	4,450·0
Oats	890·0	991·2
Barley	1,112·0	893·6
Rye	844·1	607·2
Linseed	482·4	410·0
Sunflower	304·5	344·8
Peanuts	142·0	169·7
Rice	182·6	212·3
Millet seed	123·5	103·9
Birdseed	13·4	6·6
Raw cotton	346·0	422·5

The heavy wheat crop, the largest since 1938-39, coincided with a large world surplus, lower international prices, and marketing difficulties. At August 31, about 40 per cent of the estimated export surplus of four million tons still remained to be sold. The maize crop did little more than meet domestic needs and the result was an important loss of foreign exchange earnings.

A study of production figures over the past decade shows that although agricultural production as a whole has been maintained, the part of it mainly responsible for earning foreign exchange (cereals and linseed) has decreased by about 25 per cent. These are the products subject to official control of both price and marketing. The trend has been towards other crops not so subject to control, such as fruits, vegetables, and industrial crops mainly for domestic consumption. As agricultural crops and their by-products bring in in a normal year from 40 to 45 per cent of the foreign exchange earnings, this tendency if accentuated might seriously affect these returns.

Pastoral production, on the other hand, shows a marked increase in the postwar decade over the average of the ten prewar years. This is partly the result of the tendency to take land out of cereal production for pasturage, because of difficulties with farm labour and the generally higher return per man-hour from livestock production compared with that from cereal crops. Livestock and its by-products usually account for some 45 per cent of Argentina's foreign exchange earnings.

Although the volume of production of both main groups has been maintained, per capita production has generally gone down as population increased, despite growing mechanization of farms and improved farming methods. Since domestic consumption per capita has not been arbitrarily curtailed, the lower per capita production has resulted in a drop in foreign exchange and brought a corresponding curtailment in imports.

The physical volume of industrial production for 1954 was 151·3 (1943=100). This is the highest on record and almost a 10 per cent increase over the 139·9 of 1953. Greater mining activity and larger production of electricity and gas were mainly responsible. Manufacturing output in both durable and non-durable goods fell slightly. Industrial employment, however, improved although it did not keep pace with the increase in population. Average wages paid increased by 16·7 per cent but real wages by only 12·6 per cent, reflecting the decreed wage increases of the first half of the year. However, based on 1949=100, the index of real wages last year was only 94.

Trade Balance Unfavourable

Exports, at 9,629,300 tons, were up by 32 per cent over 1953 but the value, at 6,721·4 million pesos, was down by 6·5 per cent. Agricultural products accounted for 90·4 per cent of the volume and 45·7 per cent of the value; livestock and by-products for 7·6 and 47 per cent respectively. Imports increased in volume by 2 per cent to 10,855,900 tons and in value by 25 per cent to 7,111·6 million pesos. The relative importance of the main import categories expressed in percentages of that value were: machinery, 19·7; iron and iron products, 15·9; foodstuffs, 10·8; chemical and pharmaceutical products, 9·5; textiles, 6·6; non-ferrous metals and metal products, 1·5; stones and earths, 2·0; paper and cardboard, 1·5; rubber and rubber products, 1·3.

Of the total of 7,225·9 million pesos worth of exchange permits issued in 1954, 46·8 per cent went for raw and semi-processed materials; 17·2 per cent for machinery (including farm), motors, hardware, accessories and parts; 15·3 per cent for fuels and lubricants; 11·5 per cent for transport materials, and 9·2 per cent for consumer and miscellaneous goods.

Compared with 1953, these figures reveal a tendency for capital goods imports to remain stationary or to decline; the other categories tend to increase. This is unusual at a time when increased industrialization has been emphasized. However, it is probably unavoidable because of the lack of foreign exchange and the heavy drain on it represented by the imported fuels necessary to maintain established industry. A reversal of this trend seems to depend on greater success in inducing foreign capital to establish new industries and expand existing ones, such as petroleum. The exchange thus saved might purchase further capital goods.

Trade by Countries

The countries mainly responsible for supplying Argentina's imports, with their percentage shares of the total were: United States, 14·1 per cent; Brazil, 12·2 per cent; Germany, 8·8 per cent; United Kingdom, 7·4 per cent; France, 5·1 per cent; Japan, 5·1 per cent; India, 4·4 per cent; Chile, 4·1 per cent; Venezuela, 3·4 per cent; Netherlands Antilles, 2·9 per cent; Netherlands, 2·6 per cent.

Canada's share of the total import trade in 1954 amounted to about 0·7 per cent. Canadian exports to Argentina in 1954 totalled approximately $6·5 million, a million dollars less than the 1953 total. No seed potatoes were sold in 1954 and farm tractor sales dropped from $2·5 million to less than $40,000. On the other hand, Argentina bought over $2·5 million worth of wood pulp and about $2 million of newsprint as against no sales in 1953. For the first six months of 1955, exports are over a million dollars higher than in 1954, with substantial newsprint and asbestos shipments. Imports from Argentina for the first six months of 1955 are also higher than in 1954—$1·8 million against $1·4 million.

BRAZIL

Fall in coffee and in cotton exports has contributed largely to $70 million trade deficit for first half of 1955. Foreign exchange crisis has affected Canadian sales to Brazil and prospects for immediate future not bright.

C. J. VAN TIGHEM,
Commercial Secretary, Rio de Janeiro.

THE FIRST HALF OF 1955 has proved unsatisfactory for the Brazilian economy. With the exception of agriculture, where progress was normal, the indices for industry, credit, foreign trade and exchange all show a decided drop.

The country continues to face the two major problems of inflation and inadequate exports to support the development which is taking place. Some progress has been made in checking the rate at which inflation was increasing, but this is still a critical situation. A serious crisis has developed in foreign trade as a result of the low coffee exports in the second half of 1954 and the first half of 1955. So far, the domestic market has been spared the full impact of this coffee collapse because of government purchases at the minimum price, but with the suspension of these purchases in May the effect will undoubtedly be more sharply felt.

Although industrial production in 1954 registered a satisfactory increase (7 per cent), available statistics for the current year indicate that there has been a sharp decline. Production in the first quarter of 1955 was some 6 per cent less than for the last quarter of 1954. The indices for consumer goods, non-consumer goods and civil construction were down 10, 5 and 2 per cent respectively. Electric power, on the other hand, registered an increase of 14 per cent.

Agricultural Production Increases

Agricultural production went well ahead in 1954 and recorded an increase of almost 9 per cent. Although complete statistics are not available, nevertheless it is clear that both cattle raising and agriculture have enjoyed a satisfactory half-year and that last year's rate of increase has been maintained. Climatic conditions have been favourable for both crops and pastures for wintering cattle. High domestic prices and ample credit under the Government's minimum price policy for agricultural products have contributed largely to the increased production.

Cotton ranks as the second most important export crop in Brazil; 70 per cent of it is grown in the state of São Paulo, where this picture was taken. Sales of Brazilian cotton abroad fell by 40 per cent, or $46 million, during the first half of 1955 compared with the first six months of 1954.

Estimates for Brazil's national income made by the Brazilian Institute of Economics show an increase of 21·6 per cent from 1953 to 1954—from Cr.$337·4 billion to Cr.$410 billion. However, as the general price index increased 23·6 per cent during the course of the year, it would appear that, in real terms, national income has decreased slightly.

These estimates establish the predominant position of agricultural activities in the Brazilian economy. In 1953, the latest year for which complete figures are available, agriculture contributed 31·5 per cent of the national income as against 18·7 per cent for industry. It is interesting that agriculture's share has shown a modest increase of 5 per cent in recent years, while industry's contribution has declined slightly.

Inflationary Pressures Persist

Brazil has suffered from serious domestic inflation for several years. Under the influence of extremely large increases in the money supply of 15, 19·1 and 23 per cent respectively in 1952, 1953 and 1954, the general price index increased sharply by 11·6, 21·4 and 23·6 per cent in these years.

The inflationary pressures continued early in 1955. In spite of the efforts of the monetary authorities to check inflation, money in circulation increased by Cr.$2,629 million in the first half of the year—an increase of 4·5 per cent compared with 3·6 per cent (Cr.$1,693 million) in the corresponding period last year.

At the same time, the Government has budgeted for another deficit this year. Though the budget was voted with a deficit of approximately Cr.$3 billion, the President has estimated that the actual deficit will be closer to Cr.$15 billion—slightly more than double last year's deficit of Cr.$7·1 billion.

The effect of these inflationary pressures is reflected in the cost-of-living index for the Federal District (Rio de Janeiro) which went up by 9·5 per cent in the period January to June 1955. The index increased by 24 per cent for the twelve-month period last year.

Balance of Payments

Balance of payments difficulties were experienced during 1954, as a result of which holdings of foreign exchange fell by $217·6 million and foreign indebtedness increased by $200 million. The latter represents a loan extended by a group of banks in the United States.

The principal cause of the difficulties was an unfavourable balance of trade. Traditionally, Brazil depends upon a trade surplus to contribute the major portion of her foreign exchange requirements; she has no invisibles. The balance of her exchange requirements ordinarily is provided by a net inflow of private capital and financing by organizations such as the Export-Import Bank and the International Bank for Reconstruction and Development. Last year, instead of the customary surplus, there was a deficit in trade of $72 million. The deficit on current account amounted to $229·9 million.

The situation has not improved so far this year. Trade figures for the first four months show a deficit of $55 million (estimated at $70 million for the half year). In view of this unfavourable position, it was necessary in February to obtain assistance from the United States in the form of a $75 million line of credit.

Estimates for the first half of the year place exports at $630 million and imports at $700 million, resulting in a trade deficit of $70 million.

The Trade Picture

Exports are down $100 million in comparison with the corresponding period of 1954 principally because of the lower prices received for coffee. Coffee exports at $350 million are down $120 million for the first half. Cotton exports—the second largest exchange earner—are also considerably lower; they have slipped $46 million (40 per cent) in comparison with the same period last year. All other exports have registered satisfactory increases (up 47 per cent), but in view of their relative unimportance have been unable to compensate for the drop in coffee and cotton receipts.

Although imports are down $48 million from the same period of last year, the basic structure has not been modified in any important way. Imports of petroleum and petroleum products continued as the largest single item and showed a slight increase of approximately 8 per cent, which can be considered normal. Wheat, newsprint, motor vehicles, parts and accessories registered similar increases; imports of iron, steel and alloys went up by practically 100 per cent. Imports of machinery, appliances, tools and utensils were down slightly (9 per cent), and imports of generators, motors, transformers and non-ferrous metals were halved.

The United States continued to be the principal source of supply, followed by Germany and Argentina. Because of the dollar shortage, imports from the United States were down from $243 million in 1953 to $190 million and represented only 27 per cent of the total, compared with 32·4 per cent in 1953. While Germany also shipped less ($75 million as against $85 million in 1954) her share of the total supply was only slightly less (10·7 as against 11·4 per cent in 1954).

Import and Exchange Systems

The exchange auction system established in October 1953 continues in force, although persistent rumours suggest that it may soon be modified. In the face of decreased exchange receipts, reductions in the amount of foreign currency offered at the auctions have been necessary. An overall cut of 40 per cent has been made. For U.S. dollars (which also apply to imports from Canada) the reduction amounts to 70 per cent compared with the first half of last year. This has resulted in higher prices for the U.S. dollar and increased the pressure on Brazilian importers to import from other currency areas, since such imports are cheaper in terms of cruzeiros. This is evident from a comparison of the prices paid at the exchange auctions. In January of this year, the weighted average for the U.S. dollar (all five import categories) was 47 per cent higher than that of the trade agreement dollars as a group. By June it was 69 per cent higher.

Brazil has taken the first step toward multilateral exchange arrangements, replacing her bilateral trade and payments agreements with Germany, the Netherlands and the United Kingdom with a multilateral agreement, based on limited convertibility. She hopes to extend these agreements to include the other countries of the European Payments Union.

Trade with Canada

Brazilian exports to Canada dropped off slightly in the first five months of 1955 and were valued at $10,552,639 Canadian compared with $14,167,180 Canadian in the same period last year. Coffee continued as the principal commodity (73 per cent), followed by vegetable and mineral wax, sisal, castor oil and cocoa, in that order. Because the U.S. dollar is considerably more expensive than any other currency available to the Brazilian importer, our exports to this country have declined drastically and only the products which cannot be obtained from other currency areas are of interest at present. This is reflected in the export statistics for the first six months of this year, which show our exports at $6,583,658 Canadian, compared with $30,044,916 Canadian for the same period last year. Prospects for an improvement in the immediate future are not encouraging.

Export Course Offered

This fall for the first time the Canadian Exporters' Association, in co-operation with the Institute of Export in the United Kingdom, is offering a correspondence course in export theory and practice to interested Canadians. Conducted by the Extension Department of the University of Toronto, the course covers in the first year economic geography, international trade and payments, principles of export marketing, and insurance of export cargoes. Four additional subjects will be offered next year and those who pass the first and the final examinations will become members of the Institute of Export and entitled to use the designation A.M.I. Ex. after their names.

Applications are now being received and the course will begin this month. To obtain further information and an application for enrolment, write to The Registrar, Export Correspondence Course, Canadian Exporters' Association, 73 Adelaide Street West, Toronto.

CHILE

Serious shortage of dollars compels restriction of imports, and industry suffers from lack of needed raw materials. Copper mines operating under new regulations but still face problems. Trade with Canada up in early part of 1955.

R. E. GRAVEL, *Commercial Secretary, Santiago.*

IN SPITE OF MEASURES taken by local authorities, inflation in Chile continues and seriously affects the capacity to import. During the period 1950-53 about 32,800 million Chilean pesos were available for imports compared with 54,800 million during the period 1925-29, or a decrease of 40 per cent. Exports too have slipped; in 1925-29 they accounted for 29 per cent of the available goods and services; today the figure is only 18 per cent.

Industrially, Chile appears to have reached the stage where substitution of domestic products for imports is difficult. The cost of production is high and will remain so until a greater volume is attained.

Trade with Canada

Exports from Canada during 1954 totalled Can.$3,136,031 compared with Can.$3,945,284 in 1953. The first six months of 1955, however, show purchases from Canada at $1,699,445, an increase of almost $450 thousand over the corresponding period last year. Farm tractors and transformers accounted for a large part of this increase. Other important commodities in the trade with Chile include aluminum (primary form, semi-fabricated, manufactures), asbestos, newsprint, wood pulp, rubber products, drugs, chemicals, and agricultural machinery.

Canadian exports to Chile continue to be hampered by exchange difficulties, the result of the unfavourable foreign trade position. Increased sales of copper abroad have helped somewhat but not enough to mean the end of the prolonged period of foreign exchange shortages.

Imports from Chile into Canada totalled Can.$235,705 during 1954, compared with Can.$1,052,498 in 1953. The first five months of 1955, however, showed an improvement over last year's figures—$202,767 compared with $161,532 during the first five months of 1954. Chief imports into Canada included soda nitrate, iodine, grapes and onions.

Chileans prefer Canadian wheat but the acute dollar shortage means that the Government has turned to its next-door neighbour, Argentina, and buys the wheat that it needs through a bilateral agreement. However, the United States has sold some wheat to Chile and accepted payment in local currency, under the terms of the 1954 U.S. Agricultural Trade Development and Assistance Act.

Asbestos imports from Canada went up slightly in 1954, but the foreign exchange quota allotted for asbestos purchases in 1955 has been cut down and domestic demand will not be met.

For some years past, Canada has made important aluminum shipments to Chile. Some supplies are now coming in from European countries such as Austria, the United Kingdom and Germany, because of the dollar shortage. Except for this, Canadian suppliers would receive preference because quotations from Europe are somewhat higher and supplies not always available. Canadian aluminum occasionally finds its way to Chile under barter and compensation agreements, as was the case recently when Canadian-made aluminum was purchased from Yugoslavia.

Newsprint and Other Industries

The Chilean newsprint industry is growing in importance. Surveys indicate that forest resources can furnish raw material ten times larger than domestic demand and the industry in time will have an important export potential. Domestic consumption of newsprint is estimated at 25,000 tons a year, of which practically 50 per cent is imported. Those familiar with the trade express the opinion that by 1960, Chile may be more than self-sufficient in newsprint and paper production.

Production in several industries is being hampered by the lack of foreign exchange and the reduction in the number of licences granted for the import of raw materials. This has had an adverse effect on the cotton, hosiery, steel, aluminum and pneumatic tire industries. As for the steel industry, it is reported that certain sections of the Huachipato plant may close down if the authorities do not grant its demands for sufficient import licences to meet requirements in the near future.

The vegetable harvest goes forward in Chile. Some areas of the country produce many types of vegetables, fruits (especially grapes), rice, and especially beans and lentils.

Copper Industry's Problems

Discussions have been taking place between the Chilean Government and officials of the large copper mining companies—Kennecott Copper and Anaconda—for a new policy to encourage additional investment and to protect gains. A Kennecott affiliate, the Braden Copper Company, operates at Sewell, the Andes Copper Mining Company (an Anaconda affiliate) at Potrerillos, and the Chile Exploration Company (another Anaconda affiliate) at Chuquicamata. These mines are reported to be producing about 33 thousand tons of copper a month. To meet present demand, arrangements have been made to increase production to an annual rate of 400 thousand short tons in the current year, compared with 320 thousand short tons for 1954.

In May, the rate of exchange for the sale of the companies' dollars to the Government was changed from 19·37 to 200 Chilean pesos to the U.S. dollar. But the companies are finding that this new rate no longer compensates them for the high wages and salaries they must pay and they have asked that a rate of 300 Chilean pesos to the U.S. dollar be considered. This is the rate applicable to the nitrate industry.

The Minister of Mines has recently created a Copper Department to exercise administrative control under government supervision over the copper industry. The new law authorizing the formation of this Department gives it the right to assume full charge of the marketing of copper, provided that the President of the Republic considers it necessary in the interests of the country.

In an attempt to aid the medium and small mining companies, the Chilean Government has authorized a plan to purchase ore through the Caja de Credito Minero (Credit Bank for the Mining Industry) at special rates of exchange in order to keep the mines running at a profit.

Two problems face the industry at present—chronic labour demands and high production costs. However, if the present demand and the present price of copper (recently increased to 43 U.S. cents per pound, New York) continue, these problems should be eased.

Total taxes paid by the large Chilean mining enterprises to the Chilean Government amount to 75 per cent of gross profits. This compares with 47 per cent in Canada, 47 per cent in the United States, 30 per cent in Peru, 37 per cent in Northern Rhodesia, 30 per cent in the Union of South Africa, and 18·75 per cent in the Belgian Congo.

Nitrate Demand Declines

Until the years following the First World War, Chile relied almost entirely on its nitrate industry to supply revenue and to service its external debt. When the world slump was acute and the prices of primary commodities were dropping, the Chilean nitrate industry suffered considerably and operations came almost to a standstill. However, conditions gradually improved just before World War II and the industry re-established itself. But during the war this progress levelled out because of fixed prices and lack of shipping.

At the moment, the Chilean nitrate industry is facing many problems because of falling world market prices, rising production costs, and labour difficulties. The companies have been negotiating changes in the basic nitrate legislation with the Government and these were incorporated in a contract which Congress is now considering.

Chilean nitrate is facing keen competition from the cheaper synthetic nitrate. For example, Egypt was a traditional market for Chilean nitrate but now manufactures synthetic nitrate and has cut down consumption of the Chilean production drastically in the past two or three years. Brazil too is expected shortly to install plants to make the synthetic product and this means the loss of another important market.

The recent adoption of a more favourable rate of exchange, from 200 to 300 Chilean pesos to the U.S. dollar, should bring some improvement in the immediate future, but the industry has already indicated that these concessions are insufficient to help the situation.

Budget for 1955

A bill has been delivered to Congress with the object of supplementing the national budget for 1955 by

32,347 million Chilean pesos. The original budget was 91,641 million Chilean pesos. The chief items in the supplementary budget are salary adjustments to government employees, contributions to public works, state railways, national health department and a few miscellaneous charges. It is proposed to finance this extra expenditure out of funds to be obtained from increased copper sales, new consolidation of Treasury bills with commercial banks, and a surcharge on property tax. The 1956 Budget which will shortly be delivered to Congress is expected to be approximately 250,000 million Chilean pesos.

COLOMBIA

Unfavourable trend in trade balance, apparent during first half of '55, now reversed, as import and exchange restrictions take effect. Purchases from Canada running ahead of last year and this market continues to be important.

ALFRED SAVARD, *Commercial Secretary, Bogotá.*

THE DRASTIC DROP IN COFFEE PRICES and the fall in shipments have led many persons to fear that Colombia might suffer a business recession, following last year's boom in domestic business and international trade.

True, it will be some time before a year equal to 1954 rolls around. Nevertheless, the resilience of the economy, good management on the part of the government and bank authorities, and decisive action by business leaders prevented what might have been a serious economic crisis. The most critical point was reached in late April and May, with the coffee market unsettled, reserves of exchange reaching a low point of $103 million, and with delays in payment becoming more apparent than for some time.

Since then, recovery has been steady, aided by a more favourable coffee market, increased shipments of coffee, and the effect of the new exchange and import regulations. Gold and dollar reserves were reported to have risen to $156·5 million on July 22 and by the end of 1955, Colombia may well be handling its commercial accounts on a current basis again.

Exchange Control Tightened

On June 10, 1955, the Colombian Government issued the latest and final regulations under a series of decrees beginning in February and continuing through May. These established a new and severe import and exchange control regime, made necessary by changed circumstances.

A year ago, Colombia's reserves of gold and foreign exchange, at $275 million, reached a new high; coffee, at 90 cents, was selling at a price hitherto unheard of, and shipments for the crop year ending June 30, 1954, had reached a record. At the same time, imports from all sources were flowing into the country and, for the first time since the war, Colombia enjoyed an import freedom not only in essential and semi-essential goods, but also in a wide variety of less essential consumer goods.

Canada played a full part in this fast developing trade. Colombia became Canada's chief supplier of coffee and Canadian exporters found a ready market for a large volume of products which formerly were restricted. Many Canadian exporters had their first opportunity to test this market and for many it was a heady experience.

Shortly after the 1954 coffee crop year began, storm signals went up. Coffee shipments fell steadily. Shipments to the United States valued at $53 million in July 1954 dropped all the way to $13 million in October 1954. (*Banco de Colombia Review*, April 1955.) It became obvious at the same time that Colombia's Western European trading partners, with whom compensation agreements were in force, would not be importing the quantity and value of Colombian products foreseen under these agreements.

New Import Regime

Faced with this situation, the Colombian Government made its first move in October. The measures, some of them administrative (refusal to grant import licences on the one hand and exchange cover on the other, the first for a week, the latter for a month) and others in the form of decrees, did not curb sufficiently the continuing high tendency to import.

With the continuing weakness of coffee prices in the early months of 1955, it became evident that stronger measures were needed and on February 16, the first (No. 331) of a series of decrees was issued, establishing the principles under which the new import regime would operate. A later decree classified the various types of goods into the five import groups: preferential, first, second, third and fourth. A small list of imports prohibited from all countries was also established.

A progressively increased stamp tax was imposed and a subsequent decree No. 370, dated February 18, established for each of the import groups a previous deposit. This is handed over to the Treasury Department on application for import licences.

The above decrees, therefore, set up the following stamp tax and deposits on the f.o.b. value of the imports. The previous deposit is refunded when the imports are cleared through customs.

Group	*Stamp tax*	*Previous deposit*
	(in per cent)	
Preferential	3	20
First	10	24
Second	30	30
Third	80	40
Fourth	100	60

Decree No. 371 of February 18 lists over 5,000 items, according to their tariff classification, in the various groups from preferential to fourth. (Details are available from the International Trade Relations Branch of the Department of Trade and Commerce.) An examination of these groups reveals that approximately 75 per cent of Canada's exports to Colombia in 1954 fell into the preferential and first groups.

It was realized at the time that these new import restrictions would take some time to make themselves felt and exchange reserves kept falling during March, April and May. In the meantime the price of coffee, though fairly stable, was showing no real strength and shipments were well below 1954 levels.

Dual Rate Established

Further measures were indicated and a decree was issued on May 4th placing all trade on a strictly bilateral basis. This means that all imports must be paid for with exchange derived from exports to the country from which they come. This latter decree had to be modified and on May 13 the latest decree affecting import and exchange control was issued, establishing first of all a free legal market for the peso. The free market derives its exchange from exports other than coffee, oil, bananas, raw hides and platinum.

This set up a dual rate of exchange in Colombia: the official of 2·50 pesos to the US$1.00 and the free, fluctuating at about 4 pesos to the US$1.00. The decree of May 13 further provided that exchange at the official rate would be made available for the preferential and first groups set up previously. Dollars for payment of imports of all products classified in Groups 2, 3, and 4 were henceforth to be obtained in the free market. Furthermore, effective measures under Decree No. 1259 of May 4 prevent imports of preferential and first category goods from countries with which Colombia does not enjoy a relatively balanced trade. These include almost all Western European countries.

Last October saw the beginning of production at the new Paz de Rio steel plant; initial potential output is 40,000 tons a year. France supplied much of the capital and equipment.

Trade Picture Improving

As 1954 came to an end, Colombia's trade had reached record levels, with substantial favourable balances with the United States and Canada. These were not sufficient, however, to overcome the large deficits with Western European countries. As a result, the year ended with an over-all unfavourable trade balance of $70 million. The trend was intensified in the first months of this year and no longer were there high prices for coffee and a large volume of shipments to North America to take up the slack.

The situation required drastic measures and, as indicated previously, these affected most severely countries which in recent months had built up heavily favourable balances with Colombia.

For the first six months of this year Colombia was still running behind. However, the trend has now been reversed and, though it is difficult to see how it will be possible to end the year with a favourable balance, the deficit should not be an unmanageable one.

Paradoxically, Canada's trade with Colombia has been standing up well: in fact, Canada's exports are running ahead of last year for the first six months of 1955 ($12·3 million compared with $8·2 million).

Trade with Canada

Another interesting development has been the tendency of European firms with production facilities in Canada to shift their export activities from Europe to their Canadian plants. It is a reasonable assumption, therefore, that Colombia will end the year as one of Canada's two or three most important markets in Latin America for 1955.

Two notable developments in our trade with Colombia this year have been the loss of the wheat market (Colombia used to buy annually 30 to 40 thousand tons of Canadian wheat), and the new market for pure-bred Canadian Holstein-Friesian cattle. Canadian wheat shipments ceased when the United States and Colombia concluded an agreement for the import of U.S. wheat under U.S. Public Law 480 for the disposal of surplus agricultural products. Canadian Holstein-Friesian cattle have been coming to Colombia in such large quantities that Colombia ranks after the United States as our most important market for the breed by a wide margin.

Industrial Development Continues

Colombia's industrial development has made two forward strides in the past few months. One was the beginning of production in October 1954 at the Paz de Rio Steel plant, with an initial potential output of 40,000 tons a year. The other was the completion and beginning of operation of the Anchicaya hydroelectric power plant to serve the Cauca Valley centered around Cali. The final installed capacity of this plant is to be 64,000 kilowatts.

Following last year's successful International Trade Fair, another is to be held this year in Bogotá at the end of November at which an increased number of Colombian manufactures will be presented. Canada will again be participating with a considerably larger exhibit.

The Outlook

Like all rapidly expanding economies, Colombia cannot escape the pressures which normally accompany such expansion. The country is fortunate, however, in possessing a vast reserve of natural resources which over a period of time will provide it with many of the raw materials needed for its growing industry. Plans which are being worked out by government authorities and business leaders take into account these factors and, as these plans progress, they should mean expanding markets for Canada's raw materials and manufactured products.●

ECUADOR

Exports have not kept pace with rising demand for imports and import regulations have been tightened. But Canadian trade with Ecuador is holding up well.

ALFRED SAVARD, *Commercial Secretary, Bogotá.*

WITH ONE EXCEPTION, CACAO, Ecuador's economic situation has continued to be satisfactory and has maintained the stability established in the last two years. Continuing prosperity and industrial activity have created a demand for imported articles which has not been accompanied by an equal increase in exports.

The latest figures (July 1955) show that though Ecuador's main exports have been maintained at almost the same high level as last year, imports have been running substantially ahead, with a resulting unfavourable balance of $12 million. The drop in the volume and value of exports of Ecuador's fine cacao accounts almost entirely for this unfavourable trend.

Exchange Control Policy

The steady drain on foreign exchange reserves and the deterioration of the balance of payments position has led the Ecuadorean authorities to tighten up import regulations. Articles falling in List I now require a prior deposit with the Central Bank of 30 per cent of the c.i.f. value of the imports, on application for the import licence. Artieles coming under List 2, which already require a 100 per cent deposit, will not be granted exchange cover until the shipments have arrived in the country.

Trade with Canada

Canadian exports to Ecuador have been maintained at approximately the same levels as last year—$2·7 million in the first half of 1955 compared with $2·5 million in the same period of 1954. Canadian purchases from Ecuador, however, have gone up by $1·6 million in the first five months of 1955 compared with 1954, almost entirely because of larger shipments of bananas. Wheat continues to be the main commodity bought from Canada.

Canada's trade with Ecuador in 1955, despite some tightening of import regulations, should continue the good performance of last year.●

Cayo Smith, in the historic harbour of Santiago de Cuba, seen from Morro Castle, a stronghold surviving from colonial days.

CUBA

Broad public works program and industrial development provide promising openings for Canadian exports. Cuba's sugar earnings were higher this season, though production was cut; national income improved but consumer income and purchasing power declined in late summer.

G. A. BROWNE, *Commercial Secretary, Havana.*

THE IMPORTANT PUBLIC WORKS PROGRAM planned to compensate for reduced employment in the sugar industry, continued high building activity, and the unexpectedly large spring sales to the world sugar market were the chief factors in the economic advance and the sustained business confidence in Cuba during the six months from October to March 1955.

Official figures and informed estimates covering this period indicate that, with the turn of the year and heightened seasonal activity attendant on the annual sugar grinding, national income was holding at a rate a little better than in the previous similar period. However, from March through August some signs of shrinkage in consumer purchasing began to appear. This trend was particularly noticeable in the country areas outside metropolitan Havana.

Sugar Production Cut

Because of the world sugar situation the Government again cut Cuban production from the two previous seasons' figures of 5·0 and 4·75 million tons to 4·4 million tons—a statistical drop of 12 per cent in the zafra or cane harvest. However, the increase in production of rich invert molasses for export tempered the loss in farm-wage income from sugar cane.

Other minor farm crops showed little change in production or prices, with the exception of coffee, tobacco, plantains and tubers, growers of which had a better season; this spring's potato crop established new records. An unprecedented export of 50,000 bags of Cuban tablestock grown from Canadian seed was shipped to the United States and Canada at the end of the six months' period.

Rice production, which has increased rapidly, continued to face import and local marketing problems. At mid-year there were indications that it was beginning to stabilize at 3·5 million cwt. of milled rice.

Other agricultural products, chiefly citrus, pineapple and minor soft fruits, and also corn, beans and the henequen crops reflected little change.

Mining and Petroleum

In general, mining during this period maintained about the same production and export totals. Technical advances in local production of copper and zinc and interest in new indications of radioactive ores (for which a total of 28 claims had been filed by mid-August), together with plans for important increases in nickel, point to future improvement.

Petroleum exploration has been brisk and in August the number of wells being drilled or producing more than doubled. Production at that time of about 1,200 barrels a day and expectations of a gradual increase held out hope that ultimately Cuba would have an important flow of oil which could alter significantly its fuel and industrial picture.

Manufacturing and Merchandising

Textile manufacture, somewhat slack at the close of 1954 in lines other than rayon yarns, regained its previous spring level by mid-1955.

Merchandising similarly reflected the change from the end-of-the-year slump to the grinding season's brisker tempo. In most major wholesale lines business was as good or slightly better than in the spring of 1954. Retail merchandising, on the other hand, fell off during July and August from the satisfactory levels in the first half of the year. This decline could not be entirely accounted for by normal seasonal slackness, and it was particularly noticeable in rural areas, where collections and sales were becoming decidedly sluggish.

Capital Investment and Construction

The maintenance of a satisfactory business level has been aided by the plans announced and work begun or in progress for the $30 million Havana harbour tunnel, the expansion of nickel and cement production, the establishment of a sugar cane bagasse pulp and paper mill with associated by-product developments and a glycerine bagasse pulp and hardboard plant, cellulose production, a new copper-zinc flotation mill, and the expansion of a Havana oil refinery and the building of two new petroleum refineries by major oil companies.

Government development plans and works, apart from extensive road construction, provide for heavy expenditures on railway rehabilitation and a hydro-electric plant. More distant objectives are the proposed Yucatan ferry and the trans-Cuba canal. Research into and development of sugar cane by-products is receiving high priority.

National Income, Money and Finance

Commercial bank loans are currently high, reflecting government changes in the character of reserves centralized with the National Bank, the notable increase in private building mortgages and—a lesser factor—the slight check in domestic collections.

Cuba's balance of payments which was favourable at the close of 1954 according to official statements, is currently the subject of widespread business interest, particularly in the light of increased use of the country's international reserves to implement the big public works program. Foreign exchange controls and import licensing for practical trade purposes do not exist at the moment and their prospective use has been officially denied by the Government.

National income was placed at $1,735 million for 1953 and estimated at $1,688 million for 1954. The Government's 1955-56 budget provides for expenditures of $312·8 million, up slightly from the previous year. Budget revenues in the first quarter of 1955 were reported at $73·3 million compared with $69·6 million for the same period in 1954.

Even though Cuba's principal export, sugar, still faces problems in the United States and world markets, a fact which has impelled successive production cutbacks in 1954 and 1955, the total value of sugar exports during the first six months of this year is believed to be substantially higher than for the same period in the previous year. It is, of course, below the 1951-52 record.

Foreign Trade Picture

Official import figures for 1954-1955 are still incomplete but there are indications that imports in the first half of 1955 have been higher than in the previous period and figures of Havana customs collections appear to confirm this.

Under pressures generated by increasing population and declining employment in the sugar industry, additional encouragement and some impetus is being given to general agricultural and industrial diversification. Such diversification is expected to decrease domestic consumption of some imports but it should broaden the base of the import market as a whole. Purchases from the United States, which customarily supplies 75 per cent of Cuba's total imports, are expected to reach approximately $270 million for the first six months of 1955, compared with $243 and $251 million in the two previous similar periods.

According to Canadian statistics, shipments from Canada to Cuba in the first half of 1955 totalled $7·7 million compared with $8·3 and $7·9 million in the two previous similar periods.

Apart from the traditional tariff preference enjoyed by United States goods in the Cuban market, the chief competition to Canadian shippers has come increasingly from Europe, notably in chemicals, pharmaceuticals, metals (principally non-ferrous and their products) and hardware.

Market Openings

One of the most promising fields for Canadian manufacturers and exporters to Cuba is in the government development program and the new industries encouraged under the diversification policy and to which the benefits of the Industrial Stimulation Law are extended.* In the past year a large number of new enterprises have applied for the duty exemptions and domestic tax privileges provided by this law. Notable among these, other than those already mentioned, are projects for the expansion of the aluminum industry, a glass and bottle factory, several advances in domestic textile production including textile printing, pulp and paper conversion, assembly of auto parts, and numerous advances in the process stage in the chemical and pharmaceutical field and in ceramics and extraction of mineral ores. ●

* See "The Duty-Free Market in Cuba" in *Foreign Trade* for Sept. 3, 1955.

A typical Guatemalan village, with peasant dwellings grouped on the bank of a river. Much fertile land in the country is still uncolonized and roads are needed to open up undeveloped areas.

GUATEMALA

Drought last spring has affected agricultural production and industrial output has not increased. Government is stressing transportation improvements, with aid of outside loans. Trade with Canada in 1954 rose slightly over previous year.

J. C. DEPOCAS,
Trade Commissioner, Guatemala City.

THE NEW GOVERNMENT which came to power in Guatemala in June 1954 had to give immediate attention to many pressing political and economic problems. Faced with a shortage of funds, it had to trim expenses to essentials and suspend the construction of public works. (The two exceptions were the port of Santo Tomas, for which necessary funds had been guaranteed when the contract was signed, and the Atlantic highway.) This curtailment increased the number of unemployed and forced down the index of production.

Agricultural Problems Appear

Agriculture in Guatemala exhibited mixed trends during the year. Production of coffee, sugar, bananas, and cotton, which requires substantial capital investment and is therefore mainly carried on by independent landowners or companies, showed a satisfactory improvement. On the other hand output of maize, beans and wheat—cultivated and used chiefly by the peasants—continued on the down-trend begun in 1953. Production was also affected by torrential rains and, in the spring of 1955, a prolonged drought.

The 1954 exports of coffee and bananas were normal when compared with previous years and cotton showed a large increase. This offset the effect of the drop in coffee prices which began to weaken in June. The supply situation for staple foods became critical and the country has had to import a large volume of these products during 1955.

Industry and Transportation

Industrial production, less important to the national economy than agriculture, remained about the same. There was a small increase in the output of beverages, tobacco products, hides and leather, textiles, and electricity, and a rise in building construction in Guatemala City. But these gains were offset by a decrease in all other lines.

Not long ago, the Government signed a treaty of mutual assistance with the United States, which gave Guatemala access to the benefits of the International Co-operation Administration and made it easier to approach the International Bank and other international organizations for assistance. She has already received $6,500,000 from FOA, earmarked for the construction of highways, and is about to get an $18,200,000 loan from the International Bank, also for more highways. She hopes to receive help for the construction of a seaport on the Pacific and of hydro-electric plants, necessary to industrial development. These improvements are essential if fertile lands which have been left unexploited because of the lack of communications

with the larger markets and seaports are to be colonized. And the construction of these highways will provide employment for a large number and mean a decent living for numbers of families.

Petroleum Industry

The Government, after several months of study, has finally enacted the "Petroleum Act" to regulate the exploration for and the exploitation of petroleum resources in the Peten, a region more or less untouched in the past, but which should become important if petroleum is found in commercial quantities. Before 1950, this territory was explored by several large oil companies and before the present law was enacted other equally large organizations had shown an interest in it.

Should oil be found, the country is bound to profit from this new industry, not only from the royalties but also because of the impetus this will give to the opening-up of that particular zone, which may also be rich in other minerals.

Trade Balance Favourable

Trade figures for 1954 show only total imports and exports, total imports from all countries and total exports by countries and commodities. No statistics have yet been published for 1955.

Imports during 1954 were valued at $86,311,000 as against $79,539,000 in 1953, and exports at $95,-661,000 compared with $88,922,000 in 1953. This means that the favourable trade balance was practically unchanged at $9,350,000 compared with $9,383,000 in the previous year. As usual, the leading customer and supplier was the United States which took $67,-753,000 worth of exports in 1954 ($68,145,000 in 1953) and supplied $55,633,000 worth of Guatemala's imports ($51,308,000 in 1953). Germany took second place, buying $7,906,000 worth of Guatemala's exports ($7,619,000 in 1953) and sending $6,435,000 worth of imports to this market ($4,333,000 in 1953). Next in order came the Netherlands and Belgium.

Commodities and Markets

Two commodities, coffee and bananas, make up 90 per cent of Guatemala's total exports. Coffee sales abroad totalled 1,630,803 cwt. valued at $74·2 million, compared with 1,231,039 cwt. valued at $68·2 million in 1953. Leading coffee buyers were the United States ($58·7 million), the Netherlands ($6·6 million), Germany ($4·2 million), Sweden ($3·1 million), Belgium ($2·0 million), and Canada ($798 thousand). Exports of bananas reached 6,895,737 stems valued at $11·2 million, compared with 7,069,672 stems, worth $12·5 million, in 1953. Other commodities exported include essential oils, lumber, and chicle.

Both purchases from Canada and sales to Canada showed a small increase in 1954, the former rising from $2,147,011 in 1953 to $2,254,289 and the latter from $1,787,687 to $2,274,102.

Coffee and bananas are the main exports to Canada and wheat and wheat flour, newsprint, asbestos, leather and rubber goods, the main goods purchased from Canada.

COSTA RICA

Rising exports aided by large coffee crop brought record income; this small country has become Canada's best commodity market in Central America.

J. R. MIDWINTER,
Assistant Trade Commissioner, Guatemala City.

BUSINESS IN COSTA RICA has been depressed during much of the past year, largely because of political disturbances which developed into open conflict in January. The air cleared and trade picked up during the first half of 1955 but at midsummer it was again unsettled.

Despite all difficulties, however, the economy has continued to progress steadily. Foreign trade reached a new peak in 1954 and during the first quarter of 1955 exports, at US$9·7 million, were 31 per cent higher than for the same period of the previous year.

Coffee Sales Set Record

A record coffee crop of over 740 thousand quintals* sparked the gain and yielded the highest returns for this product in Costa Rica's history. Prices, though falling, were still well above the average of recent years. At the end of March government officials estimated that the country would realize about US$45 million from the 1954-55 crop, compared with US$34·7 million for the previous record season of 1952-53. There is some anxiety, however, over what prices growers will receive for the coming season's output and this is having an adverse effect on the business climate.

*One quintal=46 kilograms=101 pounds.

57633—4½

Coffee accounts for about half of all foreign exchange earnings and is the mainstay of the economy.

Other Exports

Bananas are Cost Rica's other major export and the value of shipments at present appears to be stabilized at between US$32 and US$38 million annually. Production of cacao, the third commercial crop, is increasing. Exports of cacao reached an estimated US$7·4 million in 1954 compared with US$4·2 million in 1953. The 1954 figure also partly reflects price increases.

A new item in Costa Rica's trade is live cattle for beef. Export was authorized early in 1954 and by the end of March of this year shippers had moved 7,033 head. Sales have been chiefly to South America and are expected to become of considerable importance.

Early this year the United States Government cancelled the contract under which the United Fruit Company had been producing abaca fibre on its north coast plantations. As a result, cultivation ceased and several hundred workers were discharged. Costa Rica's small kraft paper plant, which had used abaca waste as its raw material, was also forced to close. The value of abaca exports had been as high as US$3 million a year.

Exchange Deficit Last Year

Exports in 1954 totalled US$81·3 million and imports US$80·9 million, giving Costa Rica its customary surplus on commodity trading, though it was smaller than in previous years. However, there is a traditional deficit in such invisible items as insurance, ocean freight, and transfer of business profits and, reversing the pattern of recent years, international monetary reserves declined by about US$2 million during the year. This resulted chiefly from delayed sales of the 1954-55 coffee crop coupled with abnormally heavy imports. Earlier there had been considerable speculative buying in anticipation of the new higher tariff of April 1954.

Exchange transactions during the current year are expected to be more or less in balance. Unless coffee prices drop sharply, importers should continue to have access to an adequate supply of dollar exchange.

U.S. dollars continue to be made available for imports of all kinds at the free exchange rate of 6·65 colones to the dollar while, for certain articles of prime necessity, the Central Bank grants exchange at the official selling rate of 5·67 colones to the dollar. Most exports are at the official buying rate of 5·60 colones to the dollar, although a few industries are given the privilege of converting part or all of their dollar earnings on the free market.

Manufacturing in Costa Rica has developed only slowly, mainly because of the small domestic market, lack of capital and a chronic shortage of electricity. Imports of machinery, however, are expanding and when electric power projects now under way are completed, industry should receive a stimulus. In December 1954 the second of two new 5,000 kw. units began operation in San José. The construction industry achieved a record during 1954, boosting imports of building materials of all kinds.

Government Spending Increases

The Government's development program includes larger appropriations for electrification, construction of new roads and schools, agricultural development, and the establishment of a low-cost housing program. Completion of a large international airport near the capital, plus commencement of a direct air service to Miami by way of the Cayman Islands, is expected to boost the dollar-earning tourist traffic.

To pay for this program and for its normal operations, the Government by February 28th had budgeted 268·4 million colones (equal to about U.S. $40·5 million at the free rate of exchange) for fiscal 1955, an increase of $20·2 million colones over 1954. The bulk of the necessary revenue will as usual be secured from customs duties, though an income tax law is also now in effect. The new contracts with the United Fruit Company, by which the company has agreed to pay income tax at the ordinary rate to a maximum of 30 per cent of net profits, will mean substantially larger sums from that source.

Purchases from Canada Larger

Costa Rica provides a small but encouraging market for Canadian exporters. In 1954 it replaced Panama (after deletion of "ships sold" in both cases) as Canada's biggest customer in Central America, taking goods worth $2,318 thousand compared with $2,200 thousand in 1953. The increase has continued in 1955 and total sales may exceed $3 million for the year. It should perhaps be noted that Costa Rica and Panama, with about 850 thousand inhabitants each, have the smallest population of the Central American area; imports from Canada on a per capita basis are, therefore, very much higher than elsewhere.

Flour ($1,068,000 in 1954), newsprint ($241,000), dressed leather ($104,000), wheat ($75,000 in 1954 but $307,000 in the first half of 1955 alone), aluminum and manufactures ($100,000) and evaporated and condensed milk ($99,000) are the principal commodities supplied by Canada but sales of rubber tires and tubes, milk powder, sporting ammunition, copper wire, farm machinery and other articles have also been significant. In certain respects, Costa Rica is a more

satisfactory market than some other countries in the same area. With a generally higher living standard and greater education, the Costa Rican people tend to be more quality-conscious than some of their neighbours, though price is still the most important sales factor.

Canada is holding its own in sales of foods and primary materials but continues to lose ground in many manufactured goods to lower-priced European and Japanese products.

Although sales to Canada in 1954, at $7,746 thousand, were lower than in the previous year, Costa Rica retained its large favourable trade balance. As usual, the only commodities shipped in any volume were bananas ($7,397,000) and coffee ($236,000).

EL SALVADOR

Receipts from coffee in 1955, country's main export, should equal those of 1954; development projects are proceeding. Sales of Canadian products have picked up in '55 but shipping problems make this market a difficult one.

J. R. MIDWINTER,
Assistant Trade Commissioner, Guatemala City.

COFFEE provides 85 cents of every dollar El Salvador earns abroad and as long as the crop is large or prices high, the country prospers. A drop in either would threaten disaster. Any report on the economic prospects of El Salvador therefore must begin with coffee.

Coffee Sales Maintained

In 1954 coffee exports exceeded 1·3 million quintals* and were valued at US$92 million. Although the volume was considerably less than in 1953, high prices for coffee on the world market pushed up total earnings by US$15·4 million. The 1954-55 season, on the other hand, produced a bumper crop while prices slipped (though on the whole they have been higher than in 1953). Exports during the period November 1954-June 1955 approximated 1·5 million quintals compared with under 1·2 million in the period November 1953-June 1954.

It is likely, therefore, that export receipts from coffee during 1955 will be fairly close to those of 1954 and that El Salvador will suffer no depletion of international exchange reserves, at least until the end of the year. Central Bank holdings of gold and foreign credits on June 30th were US$58·3 million, compared with US$57·3 million on June 30, 1954.

Growers are anxious, however, about the 1955-56 crop. The late onset of the rainy season has damaged the young coffee berries in many areas and some persons fear that world prices have not yet reached bottom. El Salvador may be faced in 1956, therefore, by low production and low returns, a situation which could have serious consequences.

The Government has taken cognizance of this possibility by budgeting for a 21·5 million colon (US$8·6 million) drop in revenues in 1956. The export tax on coffee is one of the chief sources of national revenue.

Business Holds Up

Business as a whole has continued sound during 1955. Bank deposits, money in circulation, loans and operations of the central clearing house are all substantially above the levels of 1954 or of any previous year. Collections are normal and merchants report a steady or increasing volume of sales. Both public and private investment are at a high level considering the relative smallness of the economy, and the construction industry is active.

Production facilities for textiles, cement, sugar, shoes, margarine, paper products, asbestos cement, various construction materials, soaps, candles and macaroni have been expanded. A local firm, with American financial backing, has been formed to manufacture soluble coffee on a fairly large scale. Another local group is to begin construction this month (October) of a luxury hotel in San Salvador costing US$1·2 million.

Government Invests Heavily

The Government, while giving all possible encouragement to private capital, is continuing with its own program of investment in roads, schools, low-cost

* One quintal=46 kilograms=101 pounds.

housing, a new automatic telephone system for San Salvador, improved water supplies and diversification of agriculture (including a plan to plant olive trees on land otherwise waste).

In developing and carrying out this program, El Salvador has received technical and financial assistance from abroad and will continue to draw upon these resources as needed, though the Government is still a strong believer in the principle of self-help.

In co-operation with UNICEF, which is providing financial and technical assistance, construction is also under way on a large powdered milk factory to cost US$425 thousand.

Rio Lempa Project Disappointing

Probably the most important single project that has been completed or proposed is the Rio Lempa hydro-electric development which began generating power in 1954. This much publicized scheme cost nearly US$20 million, of which the World Bank contributed loans of US$12·5 million. It is the only large central electric station in Central America.

Unfortunately, demand for the electric energy now available has not come up to expectations, partly because of the lack of power lines for distributing current to provincial centres. Unofficial sources estimate that a third of the present capacity of 30 thousand kilowatts is not being used. El Salvador is probably the only country in Latin America in such a position.

Exports Set Record in 1954

Total foreign sales reached US$105 million last year, the first time that the exports of any Central American country have exceeded $100 million in a single year. As mentioned earlier, coffee made up the great bulk of this figure, contributing US$92 million, or about 87 per cent of the total. But other products are slowly increasing in importance, particularly ginned cotton, sales of which reached almost 37 thousand 500-pound bales in 1954, valued at US$6·5 million. In 1950, exports of cotton reached only 16·7 thousand bales with a value of US$2·5 million. The increase has resulted largely from improved farming methods and wider use of insecticides, fertilizers and better seed, rather than to a greater acreage under cultivation.

Although cotton exports will probably be higher in 1955 than during the previous period, sales in future years are unlikely to expand. An increasing percentage of the crop is being consumed by the growing textile industry, which is now making a substantial proportion of local requirements of low-priced cotton fabrics and clothing. Indeed, yarn, woven fabric and other textile manufactures as a group are now El Salvador's third-ranking export, with shipments of US$640 thousand in 1954 going mostly to Honduras and Nicaragua. All other exports in 1954 totalled less than US$7 million and are currently of little importance.

El Salvador is the most highly industrialized Central American country, with relatively substantial capital concentrations, a large cheap labour force, a Government favourable to business and, for the present at least, ample power supplies. It is possible that it may in time become the main centre of industry in the region, selling its neighbours—Guatemala, Nicaragua and Honduras—simple manufactured articles in much greater volume than at present. In this connection, the Government is pledged to seek closer economic ties with the other Central American countries, a necessary condition to becoming the general manufactory.

U.S. Chief Customer and Supplier

By virtue of its purchase of most of the exportable coffee crop, the United States is by far El Salvador's most important customer, though its share has decreased in recent years from 86 per cent of all exports in 1950 to 72 per cent in 1954. Germany since 1950 has been developing as the second substantial coffee buyer, taking US$10·9 million in 1954 and altogether 11 per cent of total Salvadorean exports. Other significant markets are Great Britain (half of all cotton exports), Netherlands (coffee), Japan (cotton), Honduras (soap, textiles, shoes, straw hats, rice) and Nicaragua (cotton seed and other oils, shoes, textiles).

Canada is not an important customer of El Salvador and normally buys only coffee and very small quantities of cotton linters, for an average annual value of approximately one million dollars.

El Salvador in 1954 purchased from abroad goods worth approximately US$86·7 million, with textile products, vehicles of all kinds, non-electric machinery, cereals and preparations, and mineral fuels and lubricants adding up to just under 40 per cent of all imports.

The United States continues to be by far the largest supplier, though the proportion of imports from that country has been falling steadily—from 67 per cent of all imports in 1950 to 59 per cent in 1955.

Germany Increasingly Active

Japan and several European countries, especially Germany, aided by direct shipping services, highly competitive prices and credit terms, advertising, and the active participation of commercial travellers, have been rapidly improving their sales positions. Germany in 1954 emerged as El Salvador's second supplier, with shipments almost four times as high as in 1950. The Federal Republic last year provided 6 per cent of all imports: the Volkswagen is now conspicuous on every road and shops are full of cheap German-made consumer goods. Following the United States and

Germany, principal suppliers are the Netherlands (mostly petroleum products from Curaçao and Aruba), Honduras (live cattle and swine, corn, beans, lard, tobacco, lumber) and Great Britain (machinery, automobiles and trucks, tires, textiles, whisky, etc.).

Canadian Sales Recover in 1955

According to the Dominion Bureau of Statistics, Canada in 1954 shipped to El Salvador merchandise valued at $1,526 thousand, down substantially from 1952 and 1953. However, sales have picked up in 1955 and in the first half amounted to $1,075 thousand compared with $731 thousand in the same period of 1954. Gains were made in many lines but particularly in flour, malt, some classes of machinery and leather.

Flour traditionally accounts for almost half the total sales. Other valuable items besides those mentioned above are rubber tires and tubes, newsprint, electrical equipment and asbestos. There are good prospects also for manufacturers of powdered milk, electrical appliances (provided terms, advertising and personal contact can be supplied), fertilizers, insecticides, pharmaceuticals and farm machinery.

Personal Contact Required

For Canadian exporters, lack of direct shipping facilities from Eastern Canada poses the usual problem and importers in El Salvador often remark that unless a commodity can be shipped from Vancouver they are not interested. The market, though large by Central American standards, is limited and there is keen competition from other foreign suppliers. Nevertheless, El Salvador does offer opportunities for Canadians who are willing and able to make an effort. It cannot be stressed too strongly that, when competitors are actively advertising their products and making regular business visits, an exporter cannot hope to succeed by writing letters from his home office. If the market is considered worthwhile, it warrants personal contact.

HONDURAS

Cut in banana and coffee exports brought serious drop in foreign exchange reserves; corrective measures now showing results. New tariff is having mixed effect upon Canadian sales in this market.

J. R. MIDWINTER,
Assistant Trade Commissioner, Guatemala City.

BUSINESS IN HONDURAS has been depressed during much of the past year because of a series of problems beginning in May 1954. The gross national product declined by an estimated 10-15 per cent in 1954 and, during the early months of the present year, international reserves dropped alarmingly.

All areas have been affected but the situation has been most serious in the north coastal plain and its distribution centre, San Pedro Sula, which is usually the most commercially active district. Business in Tegucigalpa, the capital, has been sustained to some extent by a fairly active construction industry and increased government activities.

Banana Exports Decline

In May and June of 1954, a prolonged strike by United Fruit workers on the north coast disrupted production of bananas, Honduras' chief export, and interfered with communications in the area. Settlement was only reached early in July.

In October, the banana industry was hard hit by the disastrous floods which destroyed large areas and further disrupted the economy of the whole north coast. Of the 29 thousand acres of bananas under cultivation by the United Fruit Company before the floods, only 6,600 were producing in December. New plantings will begin to bear fruit late this year but at least 5,700 acres have been abandoned indefinitely. Meanwhile, during the first half of 1955, United Fruit shipments were running at about one-third of normal (other growers have been doing rather better). In 1953, an average year, movement of bananas totalled 12·4 million stems and contributed three-fifths of the value of all exports. In 1954, shipments of only 9·2 million stems were valued at US$30·5 million.

Imports Rise, Exports Fall

This year the delayed onset of the rainy season damaged crop prospects, particularly in the northern and western parts of the country. Corn, beans, other

basic foods, and coffee were all affected. Prices of corn and other staples began to rise and the Government was forced to authorize imports to overcome the growing shortage.

During the first several months of 1955, the smaller shipments of bananas, a below normal movement of coffee (at prices substantially below those of the previous year), and the almost complete disappearance of gold from the export list because of the closing of most mining operations, rapidly led to a serious deterioration in the balance-of-payments position.

Reserves of gold and U.S. dollars on March 31st totalled US$23·6 million, a drop of US$5·2 million from March 31, 1954, and of US$2·7 million from December 31st. The latter fall was particularly critical, because the largest export movement usually occurs during the first quarter of the year. In the first three months of 1954, for example, international reserves rose by US$3·7 million.

The Government immediately moved to correct the trend with a series of regulations. These seem to have been effective. From a low of US$22·6 million on May 31, international reserves rose to US$24·8 million by the end of July.

New Banking Regulations

On March 16th the Central Bank raised the banking system's cash reserve ratio from 25 to 35 per cent on sight deposits and from 10 to 15 per cent on savings and time deposits. Banks were given the option, however, of investing an amount equal to 10 per cent of deposits in government bonds. This meant that the reserve requirement could be filled by holding 25 per cent in cash and 10 per cent in bonds. A few days later the basis for re-discounting notes was altered. For operations directly relating to production, manufacture and transport of agricultural and industrial products, the banks would be permitted re-discount privileges at the Central Bank at a rate of 2 per cent. For operations resulting from import, export, sale, purchase, storage or transport of most materials, the rate was set at 5 and 6 per cent.

By these two decrees, the authorities hoped to reduce the volume of commercial credit (which, in view of lower production, was becoming inflationary), cut down demand for imports and, at the same time, channel investment into productive fields and provide funds for its own development program.

Bank loans and discounts, which stood at 49,973 thousand lempiras (one lempira=US$0.50) on March 31st before the rulings could take effect, were reduced by one million lempiras during the month of April. As banks were already fully extended credit-wise, the reduction could be achieved only by calling in loans and refusing new applications for credit. Many business houses were immediately in difficulties, especially in hard-hit San Pedro Sula.

New Tariff Unsettling

In April, the Government followed up its banking regulations by introducing a new customs tariff (*Foreign Trade,* June 25, 1955), to curtail imports of non-essentials and conserve foreign exchange. Although the general level of increase was 33⅓ per cent, the authorities actually anticipated a slight drop in customs collections.

The immediate effect was unsettling. Soon the Government announced that it would be prepared to consider applications for a lowering of the new duties on certain items. Where possible, most importers then postponed orders until results of the submissions could be learned. A list of revisions was issued on July 15 and, although there are still some anomalies, importers are now ordering normally on the basis of the new duties.

Development Program Approved

The Government has approved an ambitious five-year plan of economic development drawn up with the help of the International Bank for Reconstruction and Development. Briefly, the plan suggests investment of the equivalent of approximately US$150 million, to be devoted primarily to construction and maintenance of roads (about $50-$55 million), social programs such as schools, housing and hospitals ($25-$35 million), development of agriculture ($18-$28 million), electric power ($12 million) and rehabilitation of the flood-damaged Sula Valley.

The principal element in the power proposals is construction of a 27,000 kw. hydro-electric installation on the Rio Lindo, midway between Tegucigalpa and San Pedro Sula. Honduras' present capacity is only about 10,000 kilowatts, generated by 42 scattered small plants.

To obtain the necessary funds, it is felt that $25 million can be borrowed internally, $50 million from external sources (chiefly the World Bank) and the rest ($75 million) raised through taxation.

Government Expenditures Higher

The budget for the fiscal year beginning July 1, 1955, sets out expenditures of more than 76 million lempiras (US$38 million), of which 23 million lempiras is for the Ministry of Development. Most of the revenue required, 19 million lempiras more than in 1954-55, is to be raised by taxation which does not appear unduly high.

Income tax and sales taxes on some luxury goods have been increased and the Government has signed new contracts with the foreign-owned fruit companies, by

which they will pay tax at ordinary rates up to 30 per cent of net profits. Substantial new revenue sources are thus in prospect.

Exports Lower

Bananas were the principal factor in the decline of Honduras' exports from US$67·6 million in 1953 to US$56·8 million the following year. The deterioration continued on into 1955 and exports will undoubtedly be still lower this year than last.

Even before the floods, the relative importance of bananas had been diminishing, largely because of increased cultivation of coffee and other crops. Coffee exports in 1954 amounted to about 205 thousand quintals worth US$14·2 million. Though the volume was somewhat lower than in 1953, higher prices pushed up the export value from US$12 million in the previous year. Observers estimate that coffee exports for the current year will reach a record level of more than 260 thousand quintals but with the lower prices prevailing, total receipts are not likely to be much higher than in 1954.

Bananas and coffee together contributed just under 80 per cent of Honduras' total earnings of foreign exchange in 1954. Other important exports are silver, pitch pine lumber and logs, live cattle and swine, abaca and tobacco.

Customers and Suppliers

The United States is traditionally Honduras' biggest customer, taking nearly all coffee exports and the great bulk of the bananas, altogether about 80 per cent of total exports. Canada is normally next in importance, though a poor second, buying goods worth US$4·6 million in 1953 and US$2·6 million the following year (D.B.S. figures). Sales to Canada consist almost entirely of bananas, though fresh grapefruit is a small but interesting item.

Other significant markets are El Salvador (for live cattle and swine, lumber, corn and tobacco), Cuba (lumber), Venezuela (lumber), and the Netherlands (bananas and coffee).

The United States, assisted by a preferential tariff agreement, traditionally supplies the great bulk of Honduras' imports though the proportion is being reduced somewhat by competition from Europe and Japan. Germany, Japan, Great Britain, El Salvador and the Netherlands West Indies (petroleum products), in that order, have all been increasing their share of the Honduras market.

Canadian Trade Limited

Honduras obtains less than one per cent of its requirements from Canada. According to the Dominion Bureau of Statistics, exports from Canada in 1954 amounted to $471 thousand and, at $318 thousand in the first six months, are not much higher during 1955.

The largest single item traded is dressed leather, with sales of $139 thousand in 1954 and $114 thousand in the first half of 1955. Canadian leather is highly regarded in Honduras and Canada is a principal supplier of this particular product. Rubber tires and tubes, milk powder and sodium compounds are also sold in some quantity. Flour, which is Canada's largest export to all the other Central American countries, has been a minor feature of trade with Honduras. Under the new tariff, however, the United States preference on wheat flour was reduced to US$0.40 per 100 kilograms and it is hoped that Canadian flour may soon be selling in quantity, at least in the area around Tegucigalpa.

Transportation difficulties and the tariff preference for the United States on certain items are the two most serious obstacles to a better showing for Canadian goods. In Honduras a very large portion of the population lives on the north coast and goods for this area must be shipped through New York or trans-shipped in the Panama Canal Zone and are often at a disadvantage compared with merchandise from Houston or New Orleans. Merchandise which may be shipped from Vancouver, in competition with material from the East, to the other countries of Central America, in Honduras can only reach that part of the consuming population centered on Tegucigalpa. Transportation from the capital overland to the north coast is extremely expensive.

Under a 1936 Trade Agreement with the United States, Honduras grants tariff concessions on a number of U.S. products. Aside from certain arrangements with neighbouring countries, Honduras has not concluded any other trade agreements.

Although certain U.S. products are aided by a substantial tariff preference, Canadian exporters have increased their sales of other products such as milk powder, bookkeeping machines, and whisky, where the tariff is the same for all imports. Leather sales have also been made in recent years despite the former preferential exemption from extra charges given to U.S. leather only. The new general tariff levies higher duties on leather of other than U.S. origin.

Tour of Territory

D. B. LAUGHTON, Trade Commissioner in Port-of-Spain, Trinidad, will visit Antigua from October 25 to 28, and Barbados from October 29 to November 3. Businessmen with interests in these two islands should get in touch with Mr. Laughton at Port-of-Spain as soon as possible.

NICARAGUA

Diversity of exports gives country well-balanced economy, though boom of last five years is levelling off. Foodstuffs and raw materials appear to offer best opportunities to Canadian suppliers.

J. R. MIDWINTER, *Assistant Trade Commissioner, Guatemala City.*

THE AGRICULTURAL BOOM which has been the main feature of Nicaragua's economy in recent years appears to have levelled off during the first half of 1955. Lack of manpower, unfavourable weather, lower coffee prices, slow cotton sales, congested port and transportation facilities, and probable over-investment in farm capital equipment have all combined to slow the tempo of development, at least temporarily. Expansion since 1948 has gone on at an outstanding rate and it is not surprising that the country needs a pause to consolidate the gains made.

Better care of plantations and some new plantings raised coffee production by one-third and the cotton harvest surged in five years from almost nil to 200 thousand bales. Output of rice, sugar, corn, beans, livestock and other basic farm products grew rapidly. This agricultural expansion and generally rising export prices in turn sparked greater activity in industry and commerce.

In the five years between 1948 and 1953 the gross national product expanded much more rapidly than population and per capita income rose at a rate estimated to average 6·4 per cent a year. Nicaragua now possesses the best-balanced export economy in Central America. Sales of cotton, coffee, sesame seed, rice, cattle, lumber and gold are all relatively substantial. Diversity minimizes the hazards of the international commodity markets and will undoubtedly prove valuable in the more difficult period ahead.

Payments Position Weak

Foreign trade in 1954 was the highest on record, with exports of US$63 million and imports of US$58 million. However, expenditures on invisible items produced a net deficit of approximately US$4 million on the overall balance of payments. The situation continued to deteriorate during 1955. On June 15, the gold and U.S. dollar reserves of the Central Bank totalled US$20,746 thousand compared with US$25,090 thousand on the same date in 1954.

Because the bulk of Nicaragua's exports are shipped in the first half of the year but imports are distributed more or less evenly throughout the year, the threat to reserves may well become more serious during the coming months. In 1954, from July to December imports totalled more than US$32 million and exports earned only US$19 million.

During the next few years foreign debt service will require some $4 million a year. For Nicaragua, this is a large fixed sum in relation to reserves and could cause difficulties.

Introduction of the new customs tariff, plus modifications in the exchange law and other similar measures (see *Foreign Trade,* August 20, 1955) was in part designed to curtail imports of luxury goods. The amendments may have a salutary effect on the balance of trade and so obviate the need for any drastic steps to reduce foreign purchases. Although the new combined specific and ad valorem rates of duty are generally higher than the former specific duties, the rates which now apply to several products of interest to Canadian exporters have been reduced. In addition, the slower pace of expansion in itself should lead to a smaller demand for capital goods imports.

Outlook for Exports

The trading outlook for Nicaragua's principal export commodities may be briefly described.

Cotton—Cotton in 1955 replaced coffee, at least temporarily, as the country's largest earner of foreign exchange. The crop harvested in the early months of this year amounted to about 200 thousand 500-pound bales. Final figures are not yet available but it is clear that sales will far exceed the 102 thousand bales worth US$16,764 thousand exported in 1954. Shipments, however, have been slow, creating serious storage problems, and prices have not been as satisfactory as growers hoped. Expectations are that the 1955-56 crop will exceed this year's by about 10 per cent, to reach possibly 220 thousand bales. Further expansion, provided prices remain favourable, will be limited by shortage of labour unless the cotton-picking machines now being introduced are successful.

In April, the Government established a National Cotton Commission to study and recommend measures for improvement of quality in order to obtain better prices abroad.

Coffee—Exports of coffee in 1954 totalled 371 thousand quintals valued at US$25,097 thousand. The 1954-55 crop yielded an estimated 425 thousand quintals but because of lower prices the value of 1955 exports is not expected to equal the figure of the previous year. Because of the late onset of the rainy season which damaged the young berries in some areas, prospects for the 1955-56 crop are still uncertain.

The planting of new coffee trees did not become significant until 1953 and 1954. For this reason, coffee production will probably not increase substantially during the next two years or so. After that, the new trees will gradually begin to show results and, if the replacement of old trees continues, Nicaragua's present coffee exports of about 400 thousand quintals a year could conceivably double within the next eight years. Whether or not this happens, of course, depends largely on growers' expectations of future prices. A fall towards 40 cents a pound would likely halt replanting. Meanwhile, attention is also being directed towards improvement of production methods and quality control.

Other Products—Production of other farm products in 1955 will probably be about the same or lower than in the previous year. Exports of sesame seed in 1954 were worth US$2,224 thousand; rice, US$1,345 thousand; and sugar, maize and ipecacuanha root together, US$1,928 thousand. Drought has seriously affected growth of many basic food crops in 1955 and the Government has been obliged to authorize imports of corn and beans from the United States and elsewhere.

Gold Mining and Logging

Gold mining (subsidiaries of two Canadian companies are located in Nicaragua) and logging, largely carried on by foreign concessionaires, are the two remaining major export activities. Exports of gold and lumber were valued respectively at US$9 million and about US$4 million in 1954. Little change is expected in the 1955 figures, though output of gold will probably decline slowly in the years ahead. Nicaragua only benefits to the extent of about one-third of the total foreign exchange earnings of these two industries because of the concessions granted the foreign companies.

Government Investment for Development

With the assistance of the World Bank, other international agencies and the United States, the Government of Nicaragua is undertaking a development program designed to overcome some of the obstacles in the way of further economic progress.

In 1953, the Government invested 73·6 million cordobas (US$10·5 million) in various projects and planned expenditures of 76·1 million cordobas (US$10·9 million) for the fiscal year ended June 30, 1955. Most of the necessary funds have been raised by domestic taxation but foreign loans and grants are becoming of increasing importance.

Immediate Needs

Nicaragua's pressing needs are for transportation facilities to serve existing farm lands and to open new areas, enlarged port installations, and electric power. The Government has made notable progress on the Pan American Highway with the aid of a US$6 million grant from the United States Government and work on local roads and on the link with the east coast town of Rama is progressing, helped by US$7 million in loans from the World Bank.

Fairly substantial numbers of rolling stock and locomotives have been ordered from Germany and the United States but, to date, there has been little work done on rehabilitation of the railway lines themselves.

Corinto, Nicaragua's principal port, is terribly congested and probably the worst bottleneck restricting the flow of exports to markets abroad. The Government has had a number of studies made and plans drawn up but so far no definite proposals for reconstruction of the port have appeared. There is a distinct possibility, however, that a loan application may soon be made to the World Bank.

In July, it was announced that the Bank would lend Nicaragua US$7·5 million towards construction of a 30,000 kw. thermal electric station to serve Managua and surrounding towns. This will give the country its first organized power network and remove dependence on scattered and inadequate diesel installations. The project will cost an estimated US$10·8 million and is to be completed by the end of 1957. Canadian manufacturers of generating and other electrical equipment should watch for the appearance of public tenders, as there may be some opportunity for sales.

Trading Pattern Changes

Since the end of the Second World War, dependence on United States markets has been diminishing and in 1953 only 44 per cent of Nicaragua's exports were directed there compared with over 90 per cent in 1945. This is not an absolute decline but much of the new production of export commodities has found its way to Europe and Japan, reflecting the growing importance of cotton. In 1953, the United Kingdom, Germany and Japan took 13, 10 and 6 per cent respectively of total exports of US$55 million and the proportion is probably greater today. The great bulk of the coffee crop, however, continues to be marketed in the United States.

Canada currently buys from Nicaragua only a few hundred thousand dollars worth of merchandise (chiefly coffee) each year. In 1955, however, Canadian buyers have been showing interest in Nicaraguan cotton. Up until the end of May, Canada imported goods from Nicaragua valued at $233 thousand, of which raw cotton represented $82 thousand and cotton linters $18 thousand. This movement is likely to increase.

Nicaragua purchases a wide range of manufactured goods, including principally machinery and equipment (in recent years 25 to 30 per cent of the total), textiles and other consumer goods. With greater industrialization and large-scale mechanized farming, consumption of petroleum products has been expanding and these made up 7 per cent of total imports in 1953. Nicaragua is largely self-sufficient in food and purchases abroad, chiefly flour, are relatively insignificant.

Position of United States

The United States has retained greater importance as a supplier than as a customer but, even so, the American share of the Nicaraguan market has slipped from 85 per cent in 1947 to about 66 per cent today. This is due partly to the wider needs of Nicaragua and partly to the resurgence of German and other European and Japanese competition. Lower prices and better credit terms permitted the European manufacturers to secure a large share of Nicaragua's heavy investment in capital equipment. In 1953 Germany supplied 7 per cent of all imports; Curaçao and Aruba, 6 per cent (mostly gasoline and other petroleum products); the United Kingdom, 4 per cent; and Japan, 3 per cent.

Canada's Share

Canadian sales have averaged between one and two million dollars in recent years but, as imports have multiplied, Canada's share of the total market has diminished. Of exports of $1·6 million listed by the Dominion Bureau of Statistics in 1954, flour made up $904 thousand, or over half. Other important items were farm and other machinery, gasoline engines, leather, rubber tires and tubes, fertilizers and chemicals, malt and newsprint. Sales of some of these products may fall off with the slower tempo of capital investment but most of Canada's trade is in food and raw materials and should not be affected.

In addition to the difficulty of meeting price and credit competition from European and Japanese suppliers, the chief obstacle to greater Canadian exports, particularly of manufactured goods, is the lack of direct shipping connections between Eastern Canada and Nicaragua's Pacific Coast ports. Exporters usually ship through New York or arrange for trans-shipment in the Panama Canal Zone.●

Canadian Cattle for Colombia

ONE OF THE BRIGHTEST FEATURES in Canada's trade with Colombia this year has been the stepped-up demand for Canadian pure-bred Holstein-Friesian cattle. From the beginning of the year up to the end of July, over 600 head valued at well over $250 thousand have been imported.

The demand is still strong and before the end of the year imports of pure-bred cattle will have reached close to 1,000 head. Colombia has thus become the largest market for Canadian Holsteins after the United States.

Imports Adapt Well

Shipments have been made to breeders in all temperate parts of the country and the animals have taken to their new surroundings extremely well. In the Bogotã savannah alone in 1955, Canadian imports and their offspring in controlled milk production competitions have taken the reserve Senior Championship with a total of 20,235 lb. of milk in 365 days on two lactations. The national Junior Championship with 16,614 lb. of milk in 365 days and two daily lactations also went to a Canadian Holstein.

Win Many Prizes

The Bogotá Agricultural Fair held in August 1955 in the Colombian capital provided the climax for this program when, in the presence of the secretary-manager of the Holstein-Friesian Association of Canada, 12 of the 17 individual classes and all four group classes were headed by animals imported from Canada or of Canadian blood-lines. Both the Grand and Reserve Grand Champion females were Canadian-bred cows. The judging was done by an American expert from Maryland and altogether 150 head were shown. It was a proud day for Canada.

The rapid development of the Colombian dairy industry and the interest of the breeders has been the force behind the large increase in Canada's sales to this market. Canadian exporters have done an excellent job of selecting and moving the cattle and thus stimulating an ever-increasing demand.

There is no doubt that, if normal conditions continue, Colombia for some time to come will be an important market for Canadian Holstein-Friesians.

—ALFRED SAVARD,
Commercial Secretary, Bogotá.

—UN Photo.

A load of sugar cane raised in Haiti creaks its way along to the mill. Though coffee dominates the export picture there, sugar still ranks as an important crop for the country.

HAITI

Hurricane last fall damaged coffee crop and cut down export income, but new crop promises well. Canada continues to be second supplier to this "price" market but competition from Europe increasing.

E. R. BELLEMARE,
Chargé d'Affaires, a.i., Port-au-Prince.

IN HAITI, the fiscal year opens on October 1, a date which coincides with the beginning of the flow of coffee to its normal markets in North America and Europe. The Haitian economy is primarily agricultural and coffee is its chief crop. It raises other exportable crops such as sisal, sugar, cocoa, cotton and bananas, and has developed a briskly improving trade in essential oils and goatskins. But coffee remains the principal factor and its cycle of production and distribution determines the sequence of depressed and prosperous periods which characterize the Haitian business year.

After-Effects of Hurricane

Following last year's hurricane and the destruction which it caused, expectations of a bumper coffee crop were dashed and heavy burdens were laid on the country. By the end of March 1955, the business and financial situation had improved slightly, with exports and especially imports considerably higher than in the preceding month. However, the depressed period of the business year begins in April, so that no further improvement could be expected until October brought the marketing of the new coffee crop. Even the possibility of holding the line seemed over-optimistic, as coffee exports were 39 per cent under those of the 1953-54 period and prices about 15 cents per pound less. Returns totalled some $17·5 million in contrast with $28·6 million the preceding year.

Although there are no figures available for the April to September period, there is ample evidence that business has found the going rough. Export-import values which totalled $17½ million at the end of March—that is, about $12 million less than in the corresponding six-month period in 1953-54—have decreased further. Moreover, the public debt, which had risen from $7·5 million to $23 million by March 31st, has gone a few notches higher.

Favourable Factors

The picture is not, however, entirely gloomy. The difficult period is almost over and the new coffee crop is early and abundant from all reports, with starting prices at about 55 cents a pound. The five-year plan of public works and improvement is pushing ahead, thanks to U.S. loans and direct assistance. Roads, dams and irrigation systems, agricultural rehabilitation works, and public utilities—these and similar projects are slowly strengthening the economy and putting money into circulation. A developing tourist trade is another asset, with the lucrative winter season about to open. A restricted but slowly developing mining industry, with foreign capital interested at present in bauxite and copper deposits and one company test-drilling for oil, add variety to the scene.

There is not much domestic industry, relatively. Total sugar production reaches about 50,000 tons a year,

raw and refined; a new soap factory, "Savon Forteresse", is increasing its production and sales of non-toilet soaps, aided by tariff protection. A recently established textile industry which uses local cotton is receiving similar tariff protection. Two mills in operation at present meet about one-third of the local demand for cotton goods. It is worth noting that, at the end of March, soap and cotton goods imports had declined in value by about 50 per cent over a six-month period compared with the corresponding months of 1953-54. This was the result not only of greater local production but also of overstocking on the part of merchants partly with goods purchased at competitive prices and also with cheap denim supplied from Hong Kong. Handicrafts, finally, are an important secondary industry; so is the manufacture of sisal bags for coffee and sugar exports and of good-quality cement.

Financial Picture

Approximate figures on the gross national product are not yet available. The total national income is estimated at $279 million, which may seem a bit high; the balance of payments, which showed a credit of about $7 million in 1953-54, is expected to show a deficit of $6 to $7 million this year.

The Government derives over 70 per cent of its revenue from customs duties and the remainder from taxation. Other than the customs tariff, which is protective in only a few cases such as soap, there are no import restrictions. There is no foreign exchange control; the unit of currency, the gourde, is pegged to U.S. currency at the rate of five gourdes to the dollar and is freely convertible. The maximum interest rate is set at 12 per cent and most bank loans average between 7 and 8 per cent. There are three banks in Haiti: Banque Nationale de la Republique d'Haiti, with headquarters in Port-au-Prince and branches throughout the country; the Royal Bank of Canada, and the Banque Populaire Colombo-Haitienne (Colombian), both in Port-au-Prince.

Selling in Haitian Market

Trade between Canada and Haiti has developed without any particular promotion efforts, thanks to the quality of the products we sell and to the general reliability of the producers. After the United States (64 per cent), our volume of sales (6·5 per cent or $3·3 million) is greater than that of any other country and is made up of basic commodities such as fish, flour, canned milk, paper, tires, copper wire, etc. In turn, we buy a sizable volume of goods from Haiti, largely sisal, coffee, essential oils and handicrafts.

In considering the Haitian market, a number of facts should be borne in mind. The first is that we are dealing with an economy which lacks expansive energy and is deeply influenced by the fortunes of one agricultural product. The second is the simplicity and financial insecurity of a great majority of the people. The result is a "price" as opposed to a "quality" market and a market where buying habits are of long standing and hard to change. In reality, there are two markets here: one, the larger, for basic and cheap commodities; the other, much smaller, for a wide variety of goods and prices within established lines. The cake is only so big and any increase of sales must be made at the expense of a competitor.

Competition Increasing

These conditions do not seem to deter other countries from trying to carve themselves a larger slice. The most successful so far has been West Germany, which has climbed in the statistical table to fourth position, after the United Kingdom. Of the first four, only the United States and Germany increased their percentage of sales during the October 1954 to March 1955 period over the corresponding period in 1953-54. During that time, Canada lost two percentage points and the United Kingdom one and one-half. In fish, a field in which we dominate, competition has appeared from Norway and especially the Netherlands but they have not been successful so far.

In brief, Haiti offers limited but good opportunities to exporters of essential commodities such as paper of all kinds, building materials, and canned milk and other foods like frozen meats—indeed, for any essential commodities that can compete in quality and price with American and European goods. In isolation, such sales may not bulk large, but they assume greater significance in the context of a Latin-American sales program. As such, they merit the personal attention of exporters, a fact which is appreciated here and which no amount of correspondence and second-hand information can replace.

Data for Exporters

The International Trade Relations Branch of the Department of Trade and Commerce has prepared bulletins covering shipping documents and customs regulations of the following countries: Austria, Belgium, Belgian Congo, Bolivia, Brazil, Chile, Colombia, Cuba, Denmark, Dominican Republic, Egypt, Finland, France, Western Germany, Greece, Guatemala, Haiti, Iceland, Indonesia, Israel, Italy, Mexico, Netherlands, Netherlands Antilles, Nicaragua, Norway, Panama, Peru, Surinam (Netherlands Guiana), Sweden, Switzerland, United States and Venezuela.

If you wish copies, write to the Branch. Data on other countries will be compiled from time to time and will be added to this list.

MEXICO

Devaluation brought near financial crisis in 1954 but Mexico's economy is making good recovery this year and foreign exchange reserves are increasing. Market for consumer goods is shrinking under Government's import restriction policy, but opportunities for capital goods remain.

M. T. STEWART,
Commercial Counsellor, Mexico, D.F.

MEXICO'S ECONOMY has recovered strongly since the beginning of 1955, in marked contrast to its depressed and rather chaotic state before and after the drastic devaluation in the middle of April 1954. All indices of activity are up considerably this year and the tempo is increasing as the year advances. Inflationary pressure is strong everywhere.

The balance of payments has improved substantially in almost all sections, with the result that the adverse balance of some $27 million at the end of 1953 was converted at the end of 1954 to a credit of $41 million. The Bank of Mexico has announced a favourable balance of payments of US$13·7 million in the first quarter of 1955, compared with an unfavourable balance of US$11·2 million in the same quarter of 1954. Although export earnings last year were still far short of import costs—in spite of drastic restrictions—the trade deficit of US$249·7 million in 1953 was cut in 1954 to US$182·4 million. This resulted from an increase in exports—chiefly coffee, cotton, zinc concentrates and fuel oil—and a decrease in imports, principally of basic foodstuffs.

The improvement continued in 1955 with a record revenue from the tourist trade and a good income from base metal exports, cattle and agricultural products, and crude petroleum. Exports of sulphur from the new installations in the State of Veracruz are becoming a factor. However, imports of industrial raw materials and capital equipment are still large.

Exchange Crisis Weathered

The Government's financial policy had to be fairly elastic to deal with the foreign exchange crisis which was the ostensible reason for the devaluation and which became much worse afterwards when the reserves dipped to about US$100 million. Heavy dollar sales and transfers of dollars abroad followed immediately upon devaluation and a financial crisis threatened more or less until the end of 1954. This situation began to improve in 1955 and, as confidence in the Government's policy grew, the gold and dollar reserves increased. They are now estimated at about US$300 million. The budget revenue for 1955 was estimated at $5,685 million pesos and the revenue at the end of July totalled more than $4 billion pesos. Exports for the first five months of 1955 totalled $4,242,149,000 pesos, compared with $3,444,662,000 pesos for the first five months of 1954. Imports for the same period of 1955 reached $4,415,689,000 pesos, compared with $3,275,767,000 pesos in 1954. Thus the export surplus for the first five months of 1954 became a small deficit in the first five months of 1955.

Production Increase Needed

What Mexico's economy needs most is a substantial annual increase in agricultural, mining and industrial production to keep pace with the rapid population growth. Mexico's people now number almost 30 million, an increase of nearly four million over the 1950 census figure; the population of Mexico City is said to be slightly over four million. The gross national product in 1954 was estimated at about $66,000 million pesos and national income at $58,700 million pesos.

Agriculture—The Government's efforts to increase agricultural production are succeeding and it is estimated that production was 18 per cent greater in 1954 than in 1953. This year has brought further gains and the harvests are expected to exceed the 1954 record, with the exception of wheat which it is thought will be about a million bushels less. Under its Agricultural Trade Development and Assistance Act the United States will supply 3·7 million bushels of wheat against imports of fluorspar from Mexico.

Petroleum—The petroleum monopoly, Pemex, is pushing ahead with an ambitious development program which assures it a 300-thousand barrel a day production by the end of 1955, increasing to nearly 500 thousand barrels a day by the end of 1956. Production in 1954 was 15 per cent above 1953. Pemex is investing vast sums in enlarging and improving refinery

These oil installations at Tampico are part of PEMEX, the Government's petroleum monopoly. By the end of 1955, the present development program is expected to push production up to 300 thousand barrels a day and to 500 thousand by the end of 1956. Field program calls for 750 new wells.

capacity, shipping facilities, etc., and in an important field program calling for 750 new wells. Imports of refined petroleum products continued to be important and their value in 1954 was estimated at US$60 million.

Electric Power—Mexican industrial progress has been hampered by an acute power shortage but under the present administration, facilities have been greatly increased. Investments in electric power projects in 1954 totalled $445 million pesos and the Federal Power Commission plans to spend US$138 million in plant expansion by the end of 1958. The Mexican Light and Power Co., which accounts for more than one-third of the power produced, is currently turning out more than 500 thousand kw. daily, and has embarked on a ten-year expansion program involving the expenditure of $3,000 million pesos.

Pattern of Foreign Trade

Mexico's exports have continued to consist chiefly of raw materials, agricultural products and minerals. In 1954 agricultural products accounted for 57 per cent of total exports and made up 13 per cent of imports. Increased exports of cotton and coffee pushed agricultural sales well ahead of minerals in 1954. Cotton has been the leading export for several years and last year exports of raw cotton were valued at $1,394 million pesos. Other important exports in this group are coffee, henequen, fresh vegetables, shellfish, live cattle, processed meats, sugar, oilmeal, tropical fruits, ixtle fibre, peanuts, chicle and cacao.

The heavily-taxed mining industry used to be the mainstay of Mexico's export trade but it has been in a slump since 1950. However there was a marked improvement during the past year in prices and the industry is reviving rapidly. In general, Mexican exports are prospering.

Emphasis on Capital Goods

The import pattern in recent years has changed its emphasis from consumer to capital goods. This results from the rapid development of local manufacturing industries and the Government's protective policy of sharply restricting consumer imports by rigid import licensing and extremely high customs tariffs. Only a relatively small section of the Mexican people can afford to buy imported consumer goods since the high tariffs combined with the devaluation of the peso last year make the retail price prohibitive in most cases. After devaluation, when prices of imported raw and processed materials rose by approximately 45 per cent, the Government urged local industry to make the utmost use of domestic facilities and manufacturers then began to find substitutes in the domestic market. Nevertheless, the demand for imported capital goods has persisted and total imports have declined only slightly.

The Government's avowed purpose is to increase local production under ample tariff protection and Mexico is becoming less and less a market for imported consumer goods. This trend is so definite that many United States companies which formerly enjoyed a good market there in consumer lines now find it necessary to set up a manufacturing or assembly operation in Mexico in order to retain a share of the market. These operations can be very profitable.●

PERU

Good prices in world markets for Peru's minerals have boosted export totals in 1955; imports have also risen. Oil prospecting and agricultural development are proceeding; long-term prospects appear promising.

Office of the Commercial Secretary, Lima.

THE FIRST FIVE MONTHS OF 1955 in Peru saw exports rise considerably over the corresponding period of 1954 and foreign exchange earnings increase. The principal reason for the rise from a five months' total of $85 million in 1954 to $94 million during the same period of 1955 was higher export prices, particularly for minerals. A slight tightening-up is expected, however, in the last half of the year because of a 10 to 15 per cent drop in the 1955 cotton crop, the result of unfavourable weather and damage from insects and disease. Moreover, foreign exchange certificates issued by the Central Reserve Bank of Peru were some $10 to $11 million more than the actual exports and this deficit must be made up. However, if the prices of metals exported continue to rise or maintain the same level and cotton prices remain firm, 1955 will probably be one of the country's best years. Imports are still high and Peru imposes no import controls nor foreign exchange restrictions.

Foreign Trade

Peru's exports during January to May 1955 inclusive totalled $93-$94 million (1954, $84 million); imports during the first five months totalled $111 million as against $101 million in the same period of 1954. This left an unfavourable trade balance of $17-$18 million. Gross national product has been estimated at 17,204,000 soles, of which 37 per cent comes from agriculture and livestock, 8 per cent from mining, 11 per cent from industry, 15 per cent from trade, 5 per cent from services, and 24 per cent from all other sources. It is estimated that the national income has increased by 6 to 7 per cent a year over the past two years.

During the first five months of 1955 Canada exported to Peru goods worth $2,034,625 (1954, $2,500,167); Peruvian sales to Canada totalled $259,432 during the same period, compared with $1,043,432 from January-May 1954, because of smaller exports of metal concentrates. Canadian exporters to Peru are experiencing increased competition from Europe, particularly Germany, and from Japan.

Agricultural Record

Progress in agriculture has been reasonably good so far in 1955, though the cotton crop is expected to fall to 2,150,000 quintals, or 280 thousand quintals less than in 1954. Sugar production is expected to exceed the 637 thousand tons of 1954 and Peru is pressing for a modification of the United States quota on sugar imports.

The agricultural development plan has already increased irrigation facilities. These irrigation projects are expected to add some 250 thousand acres of arable land and make possible greater production of both export and domestic food crops. They are being financed by an $18 million loan from the World Bank and another 20-year, 4 per cent loan derived from sales of U.S. agricultural surpluses in Peru. Mechanization too is being encouraged; in 1954 about 35 per cent of farms were mechanized, with 5,200 tractors in use. The trend is most marked in the areas around Lima and the valleys to the south. The improvement of breeding stock is also receiving attention.

The Banco de Fomento Agropecuario del Peru, by a Supreme Decree, has had its capital raised to 400 million soles. Loans to May 31, 1955, amounted to 525 million soles.

Most of the advances in agriculture have taken place in the coastal area and the rate of progress in the mountainous or sierra section of the country is very slow. In the third important area, the jungle region, it will take some time before conditions become good enough to make large-scale progress feasible. The Le Tourneau project, a large-scale development using heavy equipment and machinery, is being watched closely as it could easily be the pilot plant for similar enterprises.

Mining Output Rising

Mineral production has been well maintained and the firm world prices have stimulated output in the base metals, which has gone up between 10 and 15 per cent in the past year. When the gigantic Toquepala copper deposits are brought into production at an estimated cost of $200 million, total mineral production will rise further. Zinc production, especially at Cerro de Pasco, is also mounting. Exports through the port of San Juan from the iron deposits operated by the Marcona Mining Company have been averaging 150 thousand tons a month. Practically all the shipments go to eastern United States steel companies.

The rise in the percentage of oil being refined within the country and the increases which will result from projects now under way are particularly encouraging. Exploration to uncover new oil fields is continuing, with more attention being paid to the eastern jungle region.

Industrial Picture

Industrial development has continued in 1954 and early 1955: a tire factory, a fertilizer plant, an explosives plant, a match factory, and numerous small industries are either projected or under way. The company which supplies Lima with power is increasing its electric power capacity. In 1954 the Industrial Bank granted 189 loans to a total of 41,794,000 soles to 49 different industries. A short time ago, a contract was signed with a prominent British firm for the modernization of the port of Salaverry; similiar work on the ports of Paita and Pisco is being considered.

The Outlook

Long-term prospects in Peru are good. With a growth in agricultural acreage, the cotton crop will increase its export earnings and the continued expansion of the mining industry will undoubtedly mean greater output, provided world prices remain firm. This is true also of the petroleum industry and large oil discoveries are a distinct possibility.

trade commissioners on tour

FROM TIME TO TIME Canadian Trade Commissioners return to Canada to bring themselves up-to-date on conditions here and to renew their contacts with businessmen. Details of their itineraries appear under this heading, as a service to exporters and importers who wish to discuss trading problems with them.

H. J. HORNE, Commercial Secretary in Lima, Peru, begins his Canadian tour in Vancouver, October 17-27. His itinerary is:

Vancouver—Oct. 17-27
Edmonton—Oct. 31
Saskatoon—Nov. 1
Winnipeg—Nov. 2-4
Toronto—Nov. 7-17
Hamilton—Nov. 18-20
Welland—Nov. 21
Brantford—Nov. 22
London—Nov. 23
Windsor—Nov. 24
Sarnia—Nov. 25
Goderich—Nov. 28
Woodstock—Nov. 29
Guelph—Nov. 30
Ottawa—Dec. 1-7
Montreal—Dec. 8-15
Quebec—Dec. 16

C. M. FORSYTH-SMITH, Commercial Secretary in Sydney, Australia, begins the first part of his Canadian tour in Halifax on October 31st. His itinerary is:

Halifax—Oct. 31
Saint John—Nov. 1-2
Quebec—Nov. 4
Montreal—Nov. 7-8
Toronto—Nov. 21-Dec. 2
Hamilton—Dec. 7
Windsor—Dec. 8
Ottawa—Dec. 9-18

M. P. CARSON, Consul and Trade Commissioner in São Paulo, Brazil, begins his Canadian tour in Vancouver, October 3 to 7. His itinerary is:

Vancouver—Oct. 3-7
Calgary—Oct. 11-12
Winnipeg—Oct. 12-14
Toronto—Oct. 17-28
Windsor—Oct. 31
Goderich—Nov. 1
London—Nov. 2
Brantford—Nov. 3
Thorold: St. Catharines—Nov. 4
Hamilton—Nov. 7
Fergus—Nov. 8
Montreal—Nov. 14-25
Quebec—Nov. 28-29
Ottawa—Nov. 30

R. K. THOMSON, Commercial Secretary in Karachi, Pakistan, began his Canadian tour in Victoria, September 12-13. His itinerary is:

Toronto—Oct. 3-12
Hamilton—Oct. 13
St. Catharines—Oct. 14
Niagara Falls—Oct. 15
Brantford—Oct. 17
Windsor—Oct. 18
Montreal—Oct. 20-27
Quebec—Oct. 28-29
Ottawa—Oct. 31-Nov. 11

Businessmen in the various centres may get in touch with these officers through the following organizations:

Board of Trade—Brantford, Goderich, Guelph, Halifax, Montreal, Quebec, Saint John, Saskatoon, Thorold, Woodstock.

Chamber of Commerce—Calgary, Fergus, Hamilton, London, Niagara Falls, St. Catharines, Sarnia, Welland, Windsor.

Canadian Manufacturers Association—Edmonton, Toronto, Winnipeg.

Department of Trade and Commerce—Ottawa, Vancouver (355 Burrard Street).

BOLIVIA

Drop in mineral earnings has meant less foreign exchange to pay for Bolivia's important food imports; economic difficulties still obstruct progress.

Office of the Commercial Secretary, Lima.

BOLIVIA'S FINANCIAL AND ECONOMIC PROBLEMS are still serious and it is estimated that the national budget for 1955 will fall short by 950 million bolivianos. The country depends on the mining industry to provide the foreign exchange for its imports of essential foodstuffs but last year the value of mineral production dropped again to $100·8 million, compared with $121·1 million in 1953 and $137·3 million in 1952.

To increase national revenue the sliding scale for the additional ad valorem taxes applicable to imports has been raised from 50 to a maximum of 1,500 per cent compared with the previous 50 to 1,000 per cent. Only 75 of the total 1,197 items of the Bolivian customs tariff are exempt from this ad valorem tax.

At the end of 1954, currency in circulation totalled 39,008 million bolivianos, compared with 20,557 million at December 31, 1953. This increase was the result of continued inflation which the Government has not been able to halt.

Bolivia is still receiving United States aid and long-term credit.

Agriculture and Mining

Bolivia, fifth largest of the South American countries, has an area of 419,470 square miles and a population estimated at more than three million. Almost 85 per cent of the people are engaged in some phase of agriculture yet the country does not produce sufficient food for its own needs. Only 4 per cent of the people work in the mining industry and this small group earns the foreign exchange to pay for foodstuffs imports. The Government is endeavouring to raise agricultural production as much as possible and has allotted 50 million bolivianos for this purpose.

To stimulate mining production, mines and mine operations are to receive a bonus of 80 per cent in dollars for any surplus above the average production in 1952-1954. This dollar bonus may be used to import certain commodities. The privately-owned small and medium-sized mines have been authorized to impose a 120-160 per cent price increase on their output.

Tin production during January to September 1954, inclusive, totalled 20,961 tons compared with 26,858 tons during the same period in 1953.

Bolivia's mineral exports during 1954 totalled 82,498 metric tons; 1953 exports reached 99,192 metric tons. Minerals exported last year were:

	(metric tons)
Tin	29,287
Wolfram	2,667
Lead	18,227
Antimony	5,217
Zinc	20,398
Copper	3,661
Silver	157
Gold	7
Others	2,877
Total	82,498

Source: Banco Central de Bolivia.

There was, however, a marked improvement in petroleum production—269,482,000 litres compared with 95,522,000 litres the year before.

Foreign Trade

During 1954 Bolivia's export earnings totalled US$77,487,679, of which $51,153,061 came from tin sales and US$23,247,845 from sales of other minerals. The country's 1954 dollar expenditure reached US$77,364,721 of which the Mining Corporation absorbed US$18,165,921. Up to and including October 1954, US$16,834,873 and US$8,859,028 were used by commerce and industry, respectively. Last year import licences were granted for a total of US$71,415,308—US$32,106,663 for industrial purposes, US$30,044,555 for foodstuffs, and the remainder for raw materials and livestock. Export licences during the same year covered exports worth US$9,234,938, including lumber, hides, vicuna wool, chestnuts, coca leaves and rubber.

Because of the lack of statistics it is impossible to assess Bolivia's foreign trade exactly. Imports from Canada during the first five months of 1955 totalled $372,558, compared with $261,686 for the same period in 1954.

Until Bolivia's economy gains stability and foreign exchange becomes more freely available for imports, Canada's sales to Bolivia will be confined to essential goods which do not come in under any tied loans or gifts from foreign sources. Exporters must, therefore, be able to quote on short notice on bulk tenders and should consider insuring shipments with the Export Credits Insurance Corporation because of the risks involved. ●

PUERTO RICO

Rate of expansion slowed down in 1954 and industrial development affected. Conditions have improved in 1955; Canadian exports up $1·4 million in first six months of year.

M. B. BURSEY,
Commercial Counsellor, Ciudad Trujillo.

THE YEAR 1954 was marked by a hesitation in the rate of expansion of the Puerto Rican economy. On the basis of the calendar year statistics it might be concluded that business activity was not curtailed, but the rate of growth in 1954 in most lines was considerably below that of the previous year.

Consumer Prices Lower

In the late summer of 1954 consumer prices reached a level about 3 per cent higher than the average for the preceding year, continuing the trend which started with the outbreak of the Korean war in 1950. However, a reversal in consumer prices developed during the last five or six months of the year and in December the food component of the consumer price index was 2 per cent lower than in August. The only group of commodities which continued to increase in price as late as December 1954 was house furnishings.

A continued reduction in the price of building materials helped the expanding construction industry. For example, during 1954 the price of lumber fell by about 3 per cent and that of galvanized sheeting by 8 per cent. On the other hand, prices of house paint and sand went up.

Trade and Industry

There was little change in imports during the calendar year 1954 compared with 1953. (It should be borne in mind that Puerto Rico is a customs district of the United States and therefore goods from the mainland are not dutiable.) Total export figures for 1954 also showed no appreciable change from the previous year. However, products other than sugar chalked up a 19 per cent increase. The expansion of exports took place largely in manufactured products and components produced in Puerto Rico.

The effect of the recession in the United States mainland was felt most heavily in new factory promotions. In 1954 only 70 new factories started operations compared with 93 in 1953 and 81 in 1952. At the end of December 1954, 299 plants were in operation compared with 262 at the end of December 1953.

The Puerto Rican Treasury benefits from the purchase of durable goods by the consumer; the increase in excise taxes collected in 1954 was more than sufficient to offset a decrease in income tax receipts. Total revenue available to the general fund rose from $124 million in 1953 to nearly $128 million in 1954.

The improvement in economic conditions on the mainland during the early part of 1955 will have a corresponding effect on conditions in Puerto Rico. More new industries are expected to move in and help to increase employment and improve purchasing power.

Trade with Canada

The following is a list of the principal items supplied by Canada during the fiscal years 1953-54 and 1952-53, according to Puerto Rican statistics:

Items	*1953-54*	*1952-53*
Hams	$ 5,182	$ 15,110
Other pork products	38,757	17,356
Dry milk	9,405	51,374
Fish in airtight containers	27,812	293,619
Dry salted fish	2,963,401	4,581,980
Pickled herring	37,118	52,709
Oats	51,929	60,521
Macaroni and similar pastes	15,146	.....
Barley malt	599,532	517,986
Hay	17,348	5,103
Potatoes	339,557	635,238
Whisky	136,373	128,137
Soft rubber manufactures	5,067	89
Floor coverings	15,075	.....
Lumber, planks, etc.		
Mixed fir and hemlock	805,353	472,084
Fir	383,282	641,248
Hemlock	63,313	35,633
Standard newsprint paper	959,740	868,418
Paperboard	28,942	10,627
Non-metallic minerals	29,754	26,593
Asbestos	13,545	10,414
Tanks for gas, liquids, etc.	15,700	.....
Aluminum sheets, etc.	57,995	3,185
Copper manufactures	42,568	117,436
Brass manufactures	8,781	3,693
Cash registers and parts	7,323	2,405
Calcium compounds	29,508	28,525

During 1954, Canadian sales to Puerto Rico reached a total value of $7·75 million, an increase of $3,563 over 1953. Salted cod, newsprint, and Douglas fir planks and boards were well in the lead. For the first six months of 1955, Canadian exports have shown an encouraging increase of $1·4 million, to a total value of $5·1 million, largely because of greater sales of fish. Imports from Puerto Rico totalled $1·2 million in 1954, and up to the end of May 1955 reached a value of $232,697.●

URUGUAY

Favourable trade balance in 1953 turned into unfavourable balance in 1954; control on imports has been tightened. Canadian sales limited largely to essential goods; competition from U.S. keen.

E. B. ROWLAND, *Commercial Assistant in Charge, Office of the Commercial Counsellor, Montevideo.*

URUGUAY is the smallest South American republic with an area of only 72,153 square miles—roughly about the size of England and Scotland. The country consists entirely of rolling, grassy plains, broken occasionally by low mountain ranges and well watered by numerous rivers and streams. It is basically a pastoral country and stock-raising was its first and is still its principal industry. An estimated eight million head of cattle and twenty-five million sheep account for about 80 per cent of the exports, in the form of wool, hides and meat products. In comparison with stock-raising, agriculture occupies a minor place, with only about 3,780,000 acres (or 10 per cent of the arable land) under cultivation, chiefly in wheat, corn and linseed. Wheat production this year is expected to provide an exportable surplus of approximately 400 thousand tons for which markets will have to be found; last year most of the surplus was sold to Brazil. In the northern part of the country citrus and other fruits are grown extensively, both for domestic consumption and for export.

Buying and Selling

Exports during 1954 totalled US$248,957,926 and imports US$273,183,774, leaving an adverse trade balance of US$24,225,848, compared with a favourable balance of US$76,694,000 in the previous year. The decline in exports was the result chiefly of smaller sales of raw wool, combed wool and tops, hair and hides. As a consequence, the Import and Export Control Board tightened up on imports, particularly of non-essentials.

Uruguay depends upon a few basic export products for necessary foreign exchange, with the result that her economy is extremely sensitive to fluctuations in the world market. The country lacks important raw materials such as iron and manganese and production costs are high because of relatively old-fashioned production and marketing methods.

Exports to Canada

Exports to Canada in 1954 were valued at US$364,240 as against US$1,694,109 in 1953; imports from Canada totalled US$4,131,402 compared with US$4,671,912 in 1953. The United Kingdom was Uruguay's largest market, with Brazil second and the United States third. The United States took first place as supplier, with Britain second and Brazil third. Germany showed a good turnover in both exports and imports and is likely soon to prove a formidable

The waterfront road shown on the left leads from the heart of Montevideo to the port on Horseshoe Bay. The road, known as the "Rambla Sur", runs for a distance of about twenty miles and much of it was built on reclaimed land. It also gives access to eight or nine beautiful bathing beaches.

competitor both to other European and to North American suppliers.

Competition from U.S. Suppliers

The United States is, naturally, Canada's keenest competitor in this market. She offers Uruguay similar products and has the advantage of long-standing agency connections and therefore can quote immediately when an import quota in dollars is opened. It is also the general opinion locally that American prices are, in some cases, as much as 10 per cent lower than Canadian. Apart from this, dollar quotas are few and far between because the Central Bank, through an exchange control board, fixes the quotas and foreign exchange rates for various groups of commodities. The Central Bank gives controlled United States dollar currency for purchases of all commodities in the dollar area and when such allocations are made, they are specifically designated as "for the U.S.A. and/or Canada".

When such allocations are granted, they are for the most part used for purchases in the United States although in Uruguay Canadian goods are highly rated and compare with the best. During the year 1954 some 70 different items were imported from Canada. Among the more important were farm implements, newsprint, seed potatoes, aluminum in its primary form, and asbestos fibre. Of sales to Canada in the same year, 78 per cent consisted of wool in the grease and partly processed wool, and the remaining 22 per cent of sunflower seed oil and canned beef. In comparison, exports to the United States included chiefly unprocessed and semi-processed wool and meat products; imports from the United States covered mainly machinery and vehicles, chemicals and related products, metals and manufactured goods.

Import Categories Important

It is easier to obtain import licences and foreign exchange cover for raw and basic materials, classed as "essentials", and local importers seek these more particularly. Such raw and basic commodities are considered "first category" and given priority; the "second category" consists of articles not manufactured in Uruguay but considered non-essential, such as automobiles, chassis, marine engines, motorboats, some sanitary ware, central heating installations, alcoholic beverages, syrups, disinfectants, dictaphones, etc.

Articles in the "third category" are definitely difficult to import because similar products are made in the country. It is the firm intention of the Government to encourage national industrial development by all means in its power, and it is therefore endeavouring to exclude all imports which may compete with local manufacture. In the past 15 or 20 years, these manufactures have developed to such an extent that they cover, roughly, some 50 per cent of the goods previously imported. Some locally produced items are listed hereunder for the guidance of prospective exporters in Canada—automobile tires and tubes, all rubber articles, rubber-covered electric wires; accessories for wireless and wireless receivers and transmitters; fertilizers; industrial and edible oils; lead and solder; a practically complete range of foodstuffs; leather goods; electric fixtures and appliances such as cookers, washers and refrigerators; tin, bronze, copper and aluminumware, enamelware; accumulators and dry electric cells; a wide variety of pharmaceutical and chemical products; iron, brass and copper tubing; paper and cardboard; bearings, compressors, locks, cutlery; glucose, soaps and paints; small watercraft; bottles and glassware, plastic ware.

During the current year only one quota permitting the import of "third category" articles has been granted. This was imperative to prevent the commercial importers from going out of business. It has always been a bone of contention between industry and commerce that the former has received large quotas for raw materials to the detriment of the commercial importers, who survive from the sales of "third category" imports. However, the present (and the previous) government usually protects industry.

Wages, Costs Higher

The most important industries are the meat and canning plants, wool, textiles, rubber and leather. Although there are no figures showing statistics of national income, there was scarcely any unemployment until about the end of last year. Wages and salaries, which are controlled by a Wages Board, have been and continue to be extremely high. This has resulted in a race between salaries and costs during the past ten years and the end has not yet been reached. In addition, high taxation has further affected the cost of living.

Parcel Post to Uruguay

Packages mailed to Uruguay by parcel post are now sent from the post office in Montevideo to the Customs for assessment of duties, instead of being delivered direct to the addressee. This usually involves long delays—sometimes of several months—and the addressee is required to pick up the parcel at Customs. To avoid this complication, Canadian firms should send all packages by registered mail which requires that they be delivered direct to the recipient.

PARAGUAY

E. B. ROWLAND, *Commercial Assistant in Charge, Office of the Commercial Counsellor, Montevideo.*

Paraguay has made progress but mineral resources and industry are relatively undeveloped, credit buying heavy, and inflationary trends continue. International Bank loan provides for purchases of machinery and equipment for agriculture and construction.

PARAGUAY has made considerable progress during the last few years. The financial system of the country has been re-organized with the founding of the Bank of Paraguay and with the introduction of the guarani as a monetary unit in place of the peso. Some new industries have been established, although so far on a relatively small scale. Communications have improved both internally and with neighbouring countries; road-building has advanced during the past twelve years, and Paraguay, like many other Latin American countries, has benefited from the advent of international air service. The United States has assisted greatly with technical advice in the agricultural field.

Paraguay's mineral resources are relatively undeveloped and the last comprehensive study of them was published in 1862. The country has none of the modern technical equipment necessary to survey those mineral deposits which might be exploited commercially. Test drillings for oil were made in the central zone and the Chaco by the Union Oil Company of California between the years 1946 and 1949, but the results were negative.

Foreign Trade Increasing

Paraguay's exports in 1954 had a total value of 812,985 thousand guaranies and its imports a value of 992,399 thousand guaranies, resulting in an unfavourable trade balance of 179,414 thousand guaranies. These import and export figures were, however, substantially higher than those for 1953 and 1952. (There are 21 guaranies to the United States dollar at the basic rate.) Principal suppliers in 1954 were the United States, Argentina and the United Kingdom, in that order. Chief exports were canned meat and foods for animals; principal imports were machinery, paper, agricultural equipment, cotton fabrics, rubber goods and aluminum.

Canadian sales to Paraguay in the first six months of 1955 totalled (DBS figures) $74,345, compared with $117,006 in the same period of 1954. The higher figure in '54 was principally the result of a large sale of machinery. Our imports from Paraguay in the six months of 1955 reached $96,449, compared with $190,864 in the same period of 1954.

On March 14th of this year, Paraguay signed an agreement with the International Bank providing for the disbursement of the remainder of the US$5 million loan granted to Paraguay in December 1951. The remaining US$3·1 million will be distributed as follows: fencing wire for cattle, $250 thousand; agricultural implements and materials, $575 thousand; tractors and heavy agricultural equipment and spare parts, $875 thousand; miscellaneous equipment and material for road construction and for improvement of river channels and ports (to include a suction dredge and a port construction barge), $1·3 million, and reserve, $100 thousand.

Production of most agricultural crops was lower in 1953 (the latest year for which official statistics are available) than in 1952. The chief crops in 1953 were mandioca, 990 thousand tons; sugar cane, 341,682 tons; corn, 106,990 tons; sweet potatoes, 78,942 tons; cotton, 37,793 tons; rice, 16,000 tons, and tobacco, 9,419 tons.

Credit Buying Heavy

The national budget for March 1 to December 31, 1955, shows a total revenue at 975·7 million guaranies and total expenditure at 979·0 million guaranies. Paraguay has no income tax and relies largely on customs revenue to defray the cost of government operations.

The country's economy depends to a great extent on credit, especially for the financing of agricultural activities. At the beginning of each season (December-April) there is a large demand for credit for the purchase of equipment and seeds for sowing and planting. Repayment and deposits usually are made in June and July. Industry is relatively small but most of the larger industries are very closely connected with the agriculture of the country—sugar mills, cotton ginning plants, meat packing plants, rice mills, etc. The periodic devaluation of the guarani has increased the normal demand for banking credit in the past few years and the monetary department of the Bank of Paraguay has exercised its right to regulate and control all credit.

Ready cash is said to be in short supply and inflationary trends continue. Business circles are inclined to take a pessimistic view of the country's economic outlook.●

Competition is strong in this unrestricted dollar market and high-geared salesmanship needed; business is good but money tight; industrial production is up and government spending high. Many Canadian firms actively seeking business here.

VENEZUELA

H. LESLIE BROWN, *Commercial Counsellor, Caracas.*

THE VENEZUELAN MARKET continues to challenge Canadian exporters. Here are dollars with no exchange restrictions though the trading world competes strongly for them; here is a people with a standard of living that permits them to buy both luxuries and staples, but who have a keen eye for price. Here is an important market worth nearly $900 million in 1954, including $75·6 million brought in by air and post. Canada obtained 4 per cent of the business.

A number of Canadian exporters have taken up the challenge, are meeting the competition in service and price, and are doing a business which was worth over $30 million in 1954. Venezuela ranked twelfth among Canada's export markets in 1954, second only to Brazil in the Latin American group.

What Canadians Sell

Of the 70 Canadian businessmen who visited Venezuela and called at this office during the first six months of 1955, no less than 20 were actively selling food products, which brought over $18 million to Canada in 1954. Canada can do business here in chemicals or the products of the chemical industry and six Canadians came to get it. Two worked the valuable pure-bred cattle trade for sales worth a quarter of a million dollars; two gave service as an aid to price in retaining business in non-ferrous metals worth over $2·5 million. Heavy equipment brought 13 visitors. Services, such as banking and transportation, were well worth visits by nine representatives. The other 18 business visitors represented a variety of consumer goods, ranging from lighting fixtures to Christmas trees. The firm which sends down a vigorous export manager, armed with adequate authority, certainly improves its prospects of obtaining sales and retaining customers.

Sources of Competition

The United States supplied 61·6 per cent of Venezuela's total imports in 1954. This is to be expected because regular sailings make possible prompt delivery of mass-produced goods and because salesmen come from the United States in large numbers and trade missions are frequent. Even so, salesmanship and competitive pricing by other countries reduced the United States' share from the 66·2 per cent obtained in 1953.

The country taking second place in the 1954 import trade was the United Kingdom, with 7·9 per cent of the total, a modest improvement over 7·2 per cent in 1953. Germany ranked third with a substantial rise from 4·7 per cent in 1953 to 6·8 per cent in 1954. Canada was fourth in both years. The other principal supplying countries were France, Italy, The Netherlands, Belgium, Switzerland, Japan and Denmark, followed by a score more obtaining less than 1 per cent each.

Effective Selling

There is no secret to the success of other countries in this market. The explanation is good salesmanship and a first-hand knowledge of the market and its features obtained by personal visits. Follow-up visits to confer with agents and distributors are also essential to maintain sales and service. Although Venezuela is a price market, personal salesmanship is effective.

Venezuela is a Spanish-speaking country and, obviously, Spanish must be used as much as possible. The business visitor can find translators and letters can be translated before dispatch, but literature must be in Spanish to be of any value. Price lists in Spanish can be more widely and usefully distributed.

During the course of this year we have had two instances of the language problem jeopardizing business with Canada. In each case a Venezuelan firm wrote in Spanish, quite naturally, and in each case the Canadian firm did not answer. Presumably the letters in Spanish were ignored, just as letters in English may well be set aside when received in Venezuela.

Venezuela is a buyer's market; when the world offers, the buyer has the choice of goods, of price, and of terms. Venezuelan importers and banks are accustomed to payment of sight draft after the goods have been cleared through customs. Sight draft really means cash after delivery. Letters of credit are established only under special circumstances.

Credit Good, Collections Slow

Although business is active and sales are good, money is still tight. Payments did not ease in mid-year as was expected and collections are slow; credit ratings continue good but ready cash is not easy to come by. This condition may be associated with a complaint by the Chamber of Commerce early in July that penalties should be imposed on those who issue post-dated cheques when these are actually cheques issued beyond the amount available.

Cheque transactions have expanded appreciably. In Caracas the volume increased by 15 per cent—from 202,572 in April 1954 to 233,053 in April of this year—and by over 24 per cent in aggregate value, from Bs.944·38 million to Bs.1,176·87 million. A comparable movement occurred in Maracaibo where the volume in April 1955 increased by over 19 per cent compared with the previous April, but the value increased by nearly 18 per cent—from Bs.83·19 million to Bs.98·12 million.

Bank notes in circulation at the end of April amounted to Bs.1,051·09 million, compared with Bs.999·68 million in the previous March. The latest statistics available are for April so the position during the summer is not known.

The daily *El Universal* of August 9th carried, under the heading "More Business, More Money in Circulation and Less Profits", an article dealing with the increased competition in retail merchandising. The attractions of retail business have brought the opening of more shops, some of which will probably not survive. At present, according to the report, these shops are taking business away from older established concerns and thereby tightening some belts. This purely local situation will undoubtedly prove self-adjusting, but the process may be painful.

Industrial Production Up

Consumption of electricity can be used as a measure of industrial growth as well as of retail sales of electrical fittings and appliances. The increase of 13·2 per cent in Venezuela's consumption during 1954 to 979,257 kwh. came close to equalling the 16 per cent increase in industrial production that year. This trend continued during the first four months of 1955 when consumption of electricity surpassed that of the same period of 1954 by nearly 20 per cent.

As an indication of industrial activity, automobile tire output increased by 35 per cent during the first four months of 1955 compared with the same period of 1954, cigarettes by nearly 30 per cent, soap over 10 per cent, cement more than 12 per cent, and sugar nearly 79 per cent.

There were, of course, some seasonal or other declines. Milk production was down during the four months by 1,156,000 litres or over 12 per cent, and consequently output of processed milk fell by 252 metric tons, or more than 21 per cent. Because of a heavy pack in March, the fish-canning industry surpassed its output of the first four months of 1954 by 25 per cent and, with a total of 4,095 metric tons, almost approached the total pack of 4,844 metric tons in the whole of 1954. If fish production follows last year's pattern the remaining months of 1955 will be dull.

Government Expenditure

Business activity in Venezuela is closely related to government expenditure because of the extensive program of public works, industrial development and agricultural assistance. In a total budget of Bs.2,550 million (or about $765 million) for the fiscal year beginning July 1st, no less than $162·5 million has been set aside for highways and bridges, ports and airports, medical and educational buildings, military, public and industrial buildings, and waterworks. In addition, the budget contains $16 million for machinery and equipment for public works and $60·5 million for direct investment to increase production. The stimulating effect of these expenditures on the general economy need not be detailed.

Then too, there are a number of autonomous organizations which have long been operated by the Government for specific development and other related purposes; their total budget amounts to $86·4 million. All the above amounts are separate from the Government's operating expenses of $142·5 million; salaries, $125·6 million; supplies, $27·8 million, and maintenance of the armed forces, $73·7 million.

Mail for Venezuela

A recent note from the Canadian Commercial Counsellor in Caracas points up the importance of airmail in carrying on commercial transactions with that country. Surface mail to Venezuela seldom takes less than a month and often five or six weeks. The airmail rate to Venezuela is ten cents for each ¼ ounce, and for Canada Air Letters 15 cents each, compared with the regular letter rate of four cents for the first ounce and two cents for each additional ounce.

trade and tariff regulations

Ceylon

IMPORT DUTIES PROVISIONALLY REDUCED—The Budget for the fiscal year, July 1, 1955, to June 30, 1956, was announced in the Parliament of Ceylon on July 7. With the introduction of the Budget changes in the rates of import duty were announced on some 69 items. Under the Budget the rates of duty on 37 items were reduced and on 14 other items the rates were increased. Most of the remaining items were not specifically mentioned in the Ceylon Customs import tariff before the introduction of the Budget. The new rates are subject to change when the Budget is finally passed.

Items of interest to Canada and affected by the new Budget are given below. The preferential rate wherever applicable is shown first and the former rate given in brackets.

Commodities on which the rate of duty is reduced are: Asbestos fibre, 2½ per cent (20 per cent); fish, tinned, potted or preserved, 15 per cent (30 per cent) preferential rate and 25 per cent (40 per cent) general rate; agricultural machinery, 2½ per cent (5 per cent) and 12½ per cent (15 per cent); meat, fish, poultry and game, frozen or refrigerated, and meat, tinned, potted or preserved, other than pig products, 15 per cent (40 per cent) and 25 per cent (50 per cent); aluminum sheets, flat, 2½ per cent (20 per cent) and 12½ per cent (30 per cent); iron and steel bars and rods, slabs, plates and sheets, galvanized or coated, not fabricated, 2½ per cent (15 per cent) and 12½ per cent (25 per cent); accessories and spare parts for motor vehicles, 15 per cent (20 per cent) and 22½ per cent (27½ per cent).

On the following items the rate of duty is increased: domestic refrigerators and component parts thereof, 45 per cent (35 per cent) and 50 per cent (40 per cent); refrigerators, other than domestic and component parts thereof, 40 per cent (22½ per cent) and 45 per cent (27½ per cent); wire nails of iron and steel, 30 per cent (2½ and 15 per cent); whisky, 196·25-222·75 rupees per proof gallon (181·00-207·50 rupees per proof gallon). Increased rates of duty apply also on beer, ale and porter and all other malt liquors, brandy, gin, rum and unenumerated spirits.

Complete information is available from the International Trade Relations Branch.

Greece

CUSTOMS TARIFF REVISED—Effective August 13, various changes have been made in the Greek customs tariff. Some of these amendments concern the tariff classification of goods and lead to greater accuracy in this regard. However, various revisions in customs duties were also made. For example, duties were reduced on medicinal fish oils (other than cod liver or castor oil), incandescent electric lamps, radioactivity measuring apparatus, certain spectacles and spectacle frames, radioactive elements and isotopes. Increases in duties apply to wooden reels for thread, spools and bobbins for spinning mills, electrotechnical articles of bakelite, glycerine and rubber belting. Moreover, ad valorem minimum duties were introduced for certain articles dutiable by weight including non-electric lamps, elastic ribbons, utensils for domestic economy, electric heaters, ranges and irons—Athens, Aug. 18.

Italy

FOREIGN EXCHANGE REGULATIONS REVISED—Effective August 22, Italian exporters may temporarily retain the full amount of their export earnings in dollars and certain other currencies. These funds may be used for importing goods and for other authorized payments, or they may be sold to importers or banks. In the past, exporters could retain only 50 per cent of their dollar earnings.

Funds credited to an exporter during the first half of each month must be disposed of by the end of that month; those accruing during the second half of each month must be used by the fifteenth day of the following month. After that time they must be sold to the Foreign Exchange Control Office.

Import licences are still required for imports into Italy which have not been liberalized. The new system will thus simplify import procedures only by making more dollars readily available for imports which have been liberalized or for which a licence has been granted. The retention scheme does not involve a premium to the exporter since the official exchange rate of the lira is based on daily free market quotations—Rome, Sept. 6.

Jamaica

TABLE POTATO IMPORTS—The Jamaica Trade Board advised importers on September 1st that import licences will be issued against quotas for 1,200 tons of Irish (table) potatoes to arrive in the colony during the three-month period ending November 30, 1955.

The Trade Administrator has confirmed that Canadian potatoes may enter under this provision.

New South Wales

PRICE CONTROLS REIMPOSED ON TIMBER—The Prices Minister of New South Wales announced on August 31st that price controls will be reinstituted on timber. The controls will apply to both imported and domestic timber and also to the processing, handling and transport of timber. The controls apply only in New South Wales. The action followed the tabling of the report of the Timber Inquiry Royal Commissioner in the New South Wales Legislative Assembly.

The Commissioner reported that since timber was freed from price control on October 14, 1952, the profit margin received by timber merchants had increased considerably. The Price Commissioner of New South Wales is now empowered to fix prices on any type of timber as the necessity arises—Sydney, Aug. 31.

Trinidad

EXTRA DOLLARS RELEASED—An extra allocation of approximately US$2 million has been made available to Trinidad firms for imports from either Canada or the United States. The funds were released primarily for luxury articles to firms which cater to the tourist trade, as Trinidad is anxious to enhance its reputation of being "the shopping centre of the West Indies". The Department of Trade and Industry in Port of Spain controls and distributes these funds.

Included in the hard currency release are funds for purchase of equipment and materials for local industries; medical, dental and other professional apparatus; motor vehicles, and educational courses.

Manufacturers of novelties and other tourist articles who are interested in exporting to Trinidad under this new arrangement and who do not have established trade connections there may wish to contact D. B. Laughton, Canadian Government Trade Commissioner, Port-of-Spain. Catalogues and quotations should be supplied to his office.

United Kingdom

ALLOCATIONS FOR CANADIAN APPLES—D. A. Bruce Marshall, Commercial Secretary (Agriculture), London, reports that £990 thousand has been allocated for the purchase of Canadian apples. This is 10 per cent higher than the amount allocated in 1954.

Import licences are required and these will be issued about the end of September to United Kingdom importers. Licences covering one-sixth of the total amount expire at the end of December; the remainder will be for imports in the first half of 1956.

United States

RESTRICTIONS ON IMPORTS OF OATS AND BARLEY LIFTED—According to an announcement by the President on September 9, 1955, the quantitative limitation on imports of oats and barley into the United States, due to expire on September 30, 1955, will not be re-imposed.

The U.S. Department of Agriculture has assured the President, however, that it will continue to maintain a close review of the situation and that, if conditions should change to such an extent as to make it necessary, the Department will recommend new investigations to determine whether imports are interfering with domestic price support programs for these grains.

Venezuela

SHELL EGG IMPORTS THROUGH MARACAIBO—The Venezuelan Government has now lifted the 7 per cent surtax which has been levied on all imports of shell eggs through the port of Maracaibo. As a result, imports of shell eggs through this port have now increased to 60,000 dozen weekly. Canadian exporters interested in shipping eggs to Venezuela should contact their local agents about this change in import regulations to ensure that their offers are being drawn to the attention of the importers in the Maracaibo district—Caracas, Aug. 30.

Chemicals in 1954

Canada's chemical production last year set a new record of $921·1 million, a 4·5 per cent rise from the $881·5 million of 1953. Primary plastics paced the field, up 13·2 per cent, followed by heavy chemicals (12·6 per cent) and toilet preparations (6·9 per cent). Exports rose by about 17 per cent to $161 million.

The following nominal quotations may prove useful in checking prices. Canadian traders should consult their banks before making any firm commitments.

Conversions into Canadian dollar equivalents and units of foreign currency per Canadian dollar have been made at cross rates with sterling or the United States dollar on the date shown.

Except when buying and selling rates are specified, the mid rates only are quoted. The buying rate is that at which banks purchase exchange from importers. The selling rate is that at which banks sell exchange to importers.

When several rates are indicated, the rate applicable depends on the commodity traded. Information on the rate for any specific commodity may be obtained from the International Trade Relations Branch, Department of Trade and Commerce, Ottawa.

Rates used exclusively in non-merchandise trading are *not* included in the table.

For conversion to United States dollar equivalent multiply by 1·01202.

foreign exchange rates

Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 16	Units per Canadian dollar	Notes (See below)
Argentina	Peso	Preferential buying	·1318	7·59	
		Basic buying	·1976	5·06	
		Preferential selling	·1976	5·06	(1)
		Basic selling	·1318	7·59	
		Free	·0709	14·10	
Australia	Pound		2·2018	·454	
Austria	Schilling		·03800	26·32	
Belgium-Luxembourg	Franc		·01965	50·89	
Belgian Congo	Franc		·01965	50·89	
Bolivia	Boliviano	Official	·00520	192·27	
British West Indies	Dollar		·5734	1·74	(3)
	Pound		2·7522	·363	(4)
	Dollar	British Honduras	·6880	1·45	
Brazil	Cruzeiro	Effective selling			
		Category I	·01073*	93·21*	tax 10% (2)
		Category V	·00324*	309·07*	*Sept. 6
		Official buying	·05382	18·58	(5)
Burma	Kyat		·2075	4·82	
Ceylon	Rupee		·2064	4·84	
Chile	Peso	Official	·00494	202·39	(1)
Colombia	Peso	Basic	·3953	2·53	(6)
		Free	·2618*	3·82*	Sept. 15
Costa Rica	Colon	Official	·1760	5·68	
		Controlled free	·1488	6·72	
Cuba	Peso		·9881	1·012	tax 2% (2)
Czechoslovakia	Koruna		·1372	7·29	
Denmark	Krone		·1431	6·99	
Dominican Republic	Peso		·9881	1·012	
Ecuador	Sucre	Official	·06588	15·18	
		Free	·05637	17·74	
Egypt	Pound	Official	2·8375	·352	(7)
Fiji	Pound		2·4794	·403	
Finland	Markka		·00430	232·77	
France	Franc		·00282	354·11	(8)
French Africa	Franc		·00565	177·05	(9)
French Pacific	Franc		·01553	64·39	(10)
Germany	D Mark		·2345	4·26	
Greece	Drachma		·03293	30·37	
Guatemala	Quetzal		·9881	1·012	
Haiti	Gourde		·1976	5·06	
Honduras	Lempira		·4941	2·02	
Hong Kong	Dollar	Free	·1690	5·92	*Sept. 2
Iceland	Krona	Official	·06067	16·48	
		Special buying	·04783	20·91	
		Special selling	·03764	26·57	(11)
India	Rupee		·2064	4·84	
Indonesia	Rupiah	Basic	·08656	11·55	(12)
Iran	Rial	Certificate	·01304	76·66	
Iraq	Dinar		2·7668	·361	
Ireland	Pound		2·7522	·363	
Israel	Pound		·5490	1·82	
Italy	Lira		·00159	630·52	

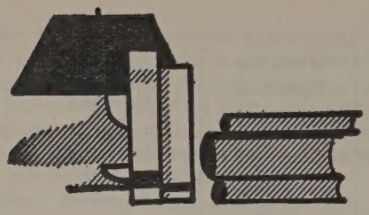
* Latest available quotation date.

Country	Unit	Type of Exchange	Can. dollar equivalent Sept. 16	Units per Canadian dollar	Notes (See below)
Japan	Yen		·00275	364·30	
Lebanon	Pound	Free	·3052	3·28	
Mexico	Peso		·07905	12·65	
Netherlands	Guilder		·2591	3·86	
Netherlands Antilles	Guilder		·5221	1·92	
New Zealand	Pound		2·7522	·363	
Nicaragua	Cordoba	Effective buying	·1497	6·68	
		Official selling	·1402	7·14	
Norway	Krone		·1383	7·23	
Pakistan	Rupee		·2064	4·84	
Panama	Balboa		·9881	1·012	
Paraguay	Guarani	Basic	·04705	21·25	(1)
		With Surcharge I	·03660	27·32	
		With Surcharge II	·02745	36·43	(13)
Peru	Sol	Certificate	·05201	19·23	
Philippines	Peso		·4941	2·02	tax 17% (2)
Portugal	Escudo		·03449	28·99	(14)
El Salvador	Colon		·3953	2·53	
Singapore & Malaya	Straits dollar		·3211	3·11	
South Africa (Union of)	Pound		2·7522	·363	
Spain & Dependencies	Peseta	Basic buying	·04512	22·16	
		Basic commercial selling	·06016	16·62	(1)
		Free	·02537	39·42	
Sweden	Krona		·1910	5·24	
Switzerland	Franc		·2306	4·34	
Syria	Pound	Free	·2749	3·64	*June 30
Thailand	Baht	Free	·04422	22·61	*July 30 (1)
Turkey	Lira		·3529	2·83	
United Kingdom	Pound		2·7522	·363	
United States	Dollar		·9881	1·012	
Uruguay	Peso	Official	·6505	1·54	tax 6% (2)
		Basic buying	·5551	1·80	(1)
		Special buying	·4205	2·38	
		Basic selling	·5201	1·92	
		Special selling	·4033	2·48	
Venezuela	Bolivar		·2950	3·39	
Yugoslavia	Dinar		·00329	303·67	

* Latest available quotation date.

notes

1. Additional rates are in effect.
2. Tax affects selling (import) rates only; certain essential imports exempt.
3. Barbados, Trinidad, Tobago, Leeward and Windward Is., Br. Guiana.
4. Bahamas, Bermuda, Jamaica.
5. Brazil: Currency certificates auctioned for five import categories. Effective selling rate is official plus price of certificates. Exporters receive cruzeiros at official rate plus exchange premiums ranging from 18.70 to 31.70 cruzeiros per U.S. dollar depending on product.
6. Colombia: Stamp taxes of 3, 10, 30, 80 and 100 per cent on imports depending on essentiality.
7. Egypt: Egyptian exporters receiving payment in dollars are granted Entitlements authorizing purchase of exchange for dollar imports. Effective rate for imports into Egypt is official plus premium *($14·4 per cent end of July) on Entitlements.
8. Includes Algeria, Tunisia, Morocco, Guiana, Guadeloupe, Martinique.
9. Equatorial Africa, West Africa, Cameroons, Togoland, Somaliland, Madagascar, Reunion, St. Pierre and Miquelon.
10. New Caledonia, New Hebrides, Oceania.
11. Iceland: Special rates apply to minor export products of small fishing boats and designated non-essential imports.
12. Indonesia: Basic rate applies to all exports and essential imports. Purchase of exchange for other imports is subject to exchange surcharges of 33⅓, 100 or 200 per cent depending on product.
13. Paraguay: Basic rate applies to most Paraguayan exports.
14. Portugal: Approximately same rate for Portuguese Territories in Africa.



businessman's bookshelf

Canada—a Report on Business and Trade.

The First National City Bank of New York. 23 pages.

THE AVERAGE CANADIAN BUSINESSMAN is fully aware of, and feels deep satisfaction over, the economic development which has marked the postwar years. But when he meets colleagues from other countries, keen for facts and figures on this "spectacular economic expansion", he often finds his information is not as detailed or up-to-date as he would wish.

An hour or two devoted to reading and digesting this attractive bulletin, prepared by the First National City Bank of New York, would soon solve his problem. Its 23 pages give the highlights of the postwar upsurge, explain how development is being financed, discuss the relative position and the problems of agriculture, the trend in manufacturing, and the foreign trade and balance-of-payments position. There is even a section on Canada's financial policies. Statistical tables and charts illuminate the text; in most cases, they include figures up to the end of 1954. Altogether, it is an admirable example of concise business writing.

Published by: The First National City Bank of New York, 55 Wall Street, New York 15, New York.

Say It in French

By Leon J. Cohen. 128 pages. 60 cents.

THIS PHRASE BOOK appears to have a good selection of up-to-date words and phrases to help the traveller in France to cope with both everyday situations and emergencies such as illness. It is efficiently indexed for quick reference. However, the phonetic spelling given with each phrase could prove a trap to those without a basic knowledge of French pronunciation. It would have been improved if it had been clearly indicated that "z" is used to denote liaison; for "les os", the phonetic spelling is given as "lay zoh". It is, of course, difficult to work out an adequate phonetic spelling and the brief explanation given in the foreword of the method used here should help, although the use of the "z" liaison is not explained.

Say It in French is a handy pocket size and includes lists giving the French for the days of the week, months, seasons, weather, time and expressions of time, numbers, measurements, and common objects. There is an appendix of geographical names in frequent use, places of interest in Paris, and the pronunciation of some Christian names.

Order from: Dover Publications, Inc., 920 Broadway, New York 10.

Commerce, Industry, Finance—Hong Kong 1955

Department of Commerce and Industry, Government of Hong Kong. H.K.$6.00 including postage (Can.$1.00, approximately).

THIS BUSINESS DIRECTORY is a new publication produced by the Department of Commerce and Industry of the Hong Kong Government. Planned as an annual, it is a comprehensive, clear, concise and thoroughly readable official guide, and provides a first-class picture of the Colony's business affairs.

Order from: Government Publications, General Post Office Building, Hong Kong.

Phillips' Paper Trade Directory of the World 1955

S. C. Phillips & Co. Ltd. 783 pages. $5.00 (approx.)

PAPER PRODUCERS throughout the world are listed by country in this directory, with pertinent details about their production. There is also an alphabetical list of various types of paper—absorbent, bible, cable, document, etc.—giving the names of the companies which make each type. The glossary of trade terms is in six languages—English, French, German, Spanish, Italian and Swedish.

This directory incorporates *Phillips' Directory of Paper Makers of Great Britain and Ireland* and *Phillips' Paper Trade Directory of the British Empire*, and therefore it gives greater detail on the United Kingdom and Irish paper industries, including British associations, watermarks, paper trade customs, and standard sizes. It should prove a useful reference for anyone in the paper trade.

Order from: S. C. Phillips & Co., Ltd., Graham House, 3 Tudor Street, London, E.C.4.

go out and sell!

Canadian businessmen go out and sell every day. But to *go out of Canada* and sell involves a whole new set of procedures, and these change from country to country. To those who don't know a *most favoured nation* from a *modus vivendi,* or a *single column tariff* from the *GATT,* exporting can seem to be complicated.

The International Trade Relations Branch of the Department of Trade and Commerce is in business to eliminate or steer you through these complications.

The Branch can give you current information on foreign tariffs, documentation, trade agreements, import licencing, currency and exchange controls, and marking regulations. In short, the International Trade Relations Branch can tell you about every foreign regulation having a bearing on any product exported by Canada.